



ETCF II is co-financed by the European Union and the Republic of Turkey



# CORPORATE PREPARATIONS IN TURKEY FOR EU MEMBERSHIP

The view of the Turkish private sector  
Second Edition - 2013



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**The view of the Turkish private sector**  
**Second Edition - 2013**

This survey is carried out in the framework of the second phase of the EU - Turkey Chambers Forum (ETCF II) project. The ETCF II project is a three-year project implemented by the Association of European Chambers of Commerce and Industry (EUROCHAMBRES) and the Union of Chambers and Commodity Exchanges of Turkey (TOBB). ETCF II is co-financed by the European Union (EU) under the IPA 2009 Civil Society Facility. It aims at strengthening mutual knowledge, dialogue and long-term co-operation between the Turkish Chambers of Commerce and their counterparts in the EU, thus promoting the integration of EU and Turkish business communities.

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# INTRODUCTION

We are happy to share with you the results of the second edition of the EU-Turkey Chambers Forum survey on “corporate preparations for EU membership in Turkey”. Thanks to the responses of 3721 Turkish companies of all sizes and from every region, for which we are very grateful, this report contains representative insights into the development of attitudes and expectations of the Turkish business community in view of Turkey’s EU accession. It does not only provide comprehensive information on the level of awareness and readiness of Turkish companies to comply with the EU *acquis* but discloses also expectations by Turkish businesses towards the EU and towards Turkey.

The most striking finding of this second survey is that the Turkish companies remain strong supporters of EU membership. 75% of the respondents are in favour of the accession of Turkey to the EU and almost half of the companies (45%) consider it to happen in maximum ten years. These findings are quite remarkable, if you consider the major changes which occurred in the last five years in the European Union (financial, economic and political crisis) while Turkey’s economy and global political importance have grown. The Turkish business community has clearly not been impressed by the often adverse political conditions in the EU-Turkey relationship.

The Turkish businesses have been and remain key players in Turkey’s EU accession process. They are at the forefront of the EU – Turkey relationship and make the work through economic integration. Therefore, the Turkish business community has a high responsibility for the overall success of ultimate EU membership of Turkey.

To ensure that Turkish companies continue to support the EU accession of their country they need to be adequately and timely prepared. For that they need information and a say in the enlargement process. The better they are informed about the opportunities and challenges of EU membership, the better Turkish companies will perform in the single market, which will benefit both the EU as well as the Turkish society.

As leading business representatives, Chambers and Commodity Exchanges in Turkey have a legitimate and significant responsibility to assist enterprises in the economic integration process. We, at EUROCHAMBRES and TOBB, would like to stress our commitment to further engage in this path of change and progress. We will continue to support our members and to develop their capacity to make sure that when accession occurs the business community will be ready. We also consider, it is important for the Turkish business community to have its voice heard in accession negotiations and are willing to work as strong advocates of deepening of EU-Turkey economic and political relations in contacts with the European, national or local authorities, the media and the population at large.

As we are celebrating the 50th anniversary of the Association between the EU and Turkey this year, we hope that the publication of this second survey will provide a fresh impetus to the debate on Turkey’s EU membership with both civil society and policy makers, and thus will contribute to re-vitalise EU-Turkey relations, which is more important than ever.

Finally, we would like to extend our gratitude to the European Union for co-financing this ambitious project.



Alessandro Barberis  
President of EUROCHAMBRES



M. Rifat Hisarcıkloğlu  
President of TOBB  
Deputy President of EUROCHAMBRES

# EXECUTIVE SUMMARY

Since the first edition of the survey in 2008, participating Turkish companies are not only more familiar with the accession negotiation process (23% against 17% in 2008) and the EU *acquis* (45% against 39% in 2008), but they are more interested in acquiring more information on the EU business related *acquis*. This increase in awareness and interest in EU issues is important; however it remains still at a relatively low level. Companies are not yet fully aware about the true challenges of complying with the *acquis*. This might be due to the fact that most companies are still engaged in local or nationwide business relations and feel therefore not particularly affected.

The lack of EU-related information seems to coincide with a lack of exploitation of available information.

This is combined with an alarming high level of unawareness about EU funds (75%).

The efforts made by the different stakeholders to inform the business community about EU-related issues should therefore be better targeted. Specific efforts should be made to advise Turkish companies on how to obtain EU-related information and to identify the relevant information among the mass of EU information available. Internet is not yet much exploited and Turkish companies favour tailor made information, which corresponds to their specific needs, preferably in Turkish language, provided in particular through seminars, workshops and conferences on EU issues as well as EU specific publications. As in 2008, the respondents consider that the Turkish Chamber network provides the most relevant and useful information on the EU *acquis*. Turkish Chambers and Commodity Exchanges have therefore an important responsibility in improving the awareness of Turkish companies on EU issues. It is crucial to increase their capacity in this specific field so that they are in a position to meet this challenge.

Four years after the first edition of the survey, there is only a slight progress in the preparations of Turkish companies for the implementation of the EU *acquis*. Less than a quarter of Turkish

companies (22%) reported to have already started preparations to comply with the EU *acquis*, which represents a slight improvement since 2008 (16%). At the same time, the majority of companies state that they have reached a reasonable level of compliance in areas of specific importance in their daily business.

Turkish companies expect important problems in complying with the *acquis*, in particular in the areas of competition law and trade law.

Despite the deep political, economic and international changes which occurred since 2008, Turkish enterprises remain strong supporters of Turkey's accession to the EU. Three quarters of the surveyed companies are in favour of joining the EU. EU membership is not seen as an immediate prospect but the majority of the companies believe that Turkey will join the EU by 2023 (which corresponds to the 100th anniversary of the Republic). Furthermore Turkish companies consider that the compliance with the Copenhagen political criterion as the most serious challenge facing Turkey in its preparations for EU membership (58%).

Turkish companies expect to be facing in the short term more difficulties in complying with the EU *acquis* - particularly on financial matters - than they did in 2008, but still remain more positive about the impact on their business of Turkey's potential EU membership than they were five years ago. Interestingly, they do not consider massive labour migration being a problem after EU accession but count on their workforce to stay.

Turkish companies want to be more involved in the accession negotiation process. It is important to ensure that companies participate actively in the accession process. They can provide objective up-to-date information on the economic benefits and challenges of the EU Enlargement to the policy makers. On the other hand, they will better understand the reasons for enlargement and the implications of accession and may share such information with their work force and the society at large.





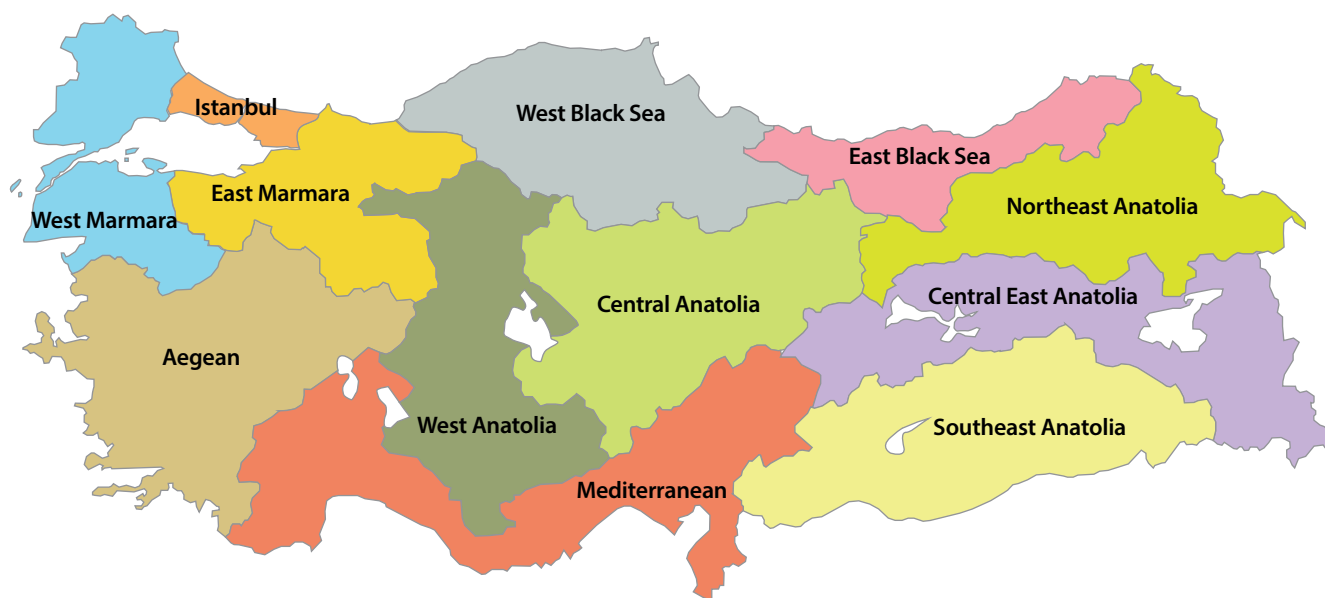
# 1. RESPONDENT PROFILE

The survey was addressed to a representative sample of 10,300 companies across Turkey. In order to boost the responsiveness, electronic polling was introduced for this second edition of the survey. 3,721 companies (36%) responded to the survey. Of those, 2,952 (28.5%) fully completed the detailed questionnaire (see annex), against 2,878 respondents in 2008. This figure in itself highlights the strong interest of the Turkish business community for EU-related issues.

In terms of size, turnover, sector and export orientation, the overall sample did not change significantly compared to the previous edition of the survey conducted in 2008. This has allowed interesting comparisons of the results, when appropriate.

All the regions<sup>1</sup> have been covered by the present survey from West Marmara to South East Anatolia.

Size-wise, all categories of companies are well represented. As in 2008, SMEs<sup>2</sup> and in particular micro-enterprises<sup>3</sup> and small enterprises<sup>4</sup> constitute the high majority of the respondents (97% of the respondents employ less than 250 persons and 93% of the participating companies' turnover is 25 million TRY or less<sup>5</sup>). This result reflects the structure of the Turkish economy in which SMEs account for 99% of total enterprises and 80% of total employment.



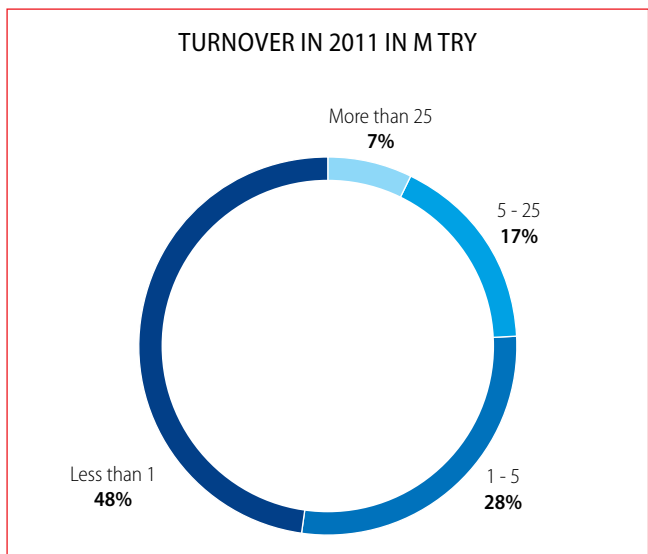
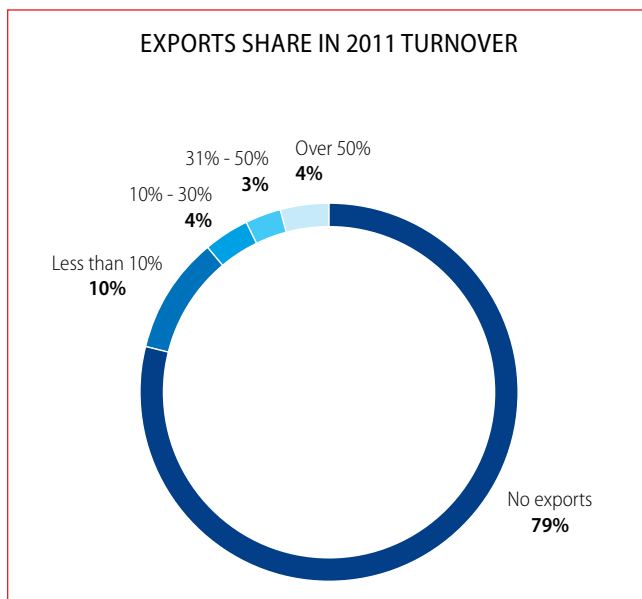
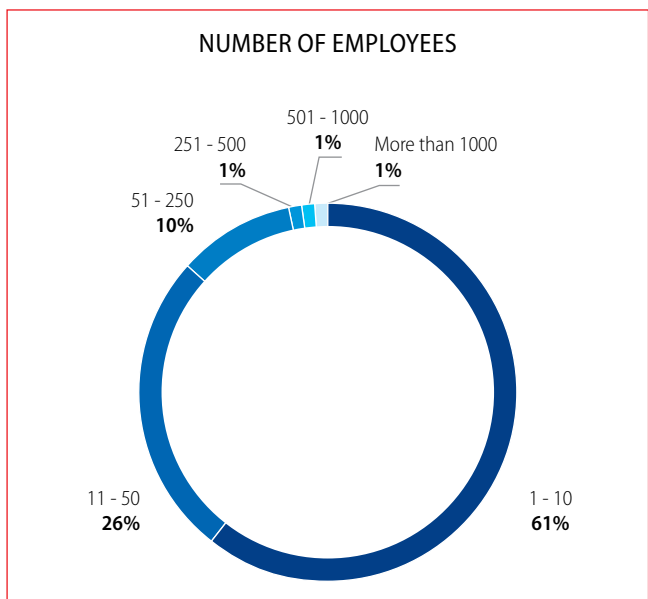
1 The NUTS 1 regional classification was taken as a reference to analyse the results of this survey.

2 According to the Law n°997 on "definition, qualifications and classification of Small and Medium Sized Enterprises" published in the Official Gazette on 18 November 2006, enterprises which have less than 250 employees and the annual turnover or the balance sheet total of which does not exceed 25 million TRY are defined as SMEs. Among the companies participating in the survey, 88.8% of the respondents meet both of these criteria; 5.7% meet only one of these criteria and 1.9% fall under the definition of large company (with at least 250 employees and a turnover or balance sheet total exceeding 25 million TRY). In order to avoid complexity in the classification, in this report, except for the section on company profiles, companies with less than 250 employees are considered as SMEs, as defined in the employment statistics of TÜİK (Turkish Statistical Institute).

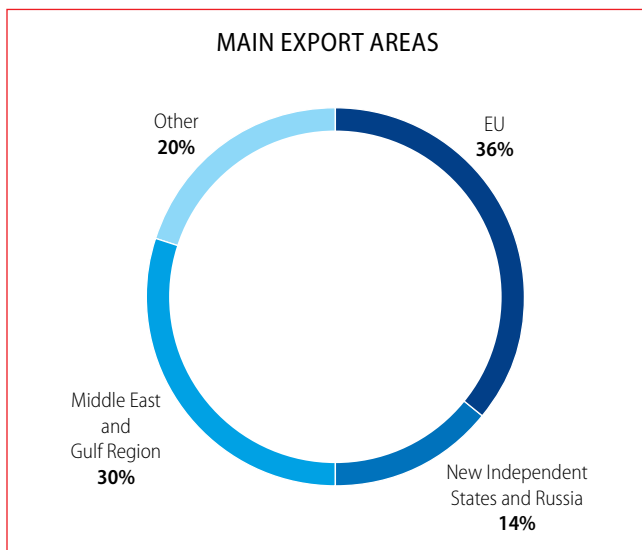
3 61% of the participating companies employ less than 10 persons and 48% of the companies have a turnover which does not exceed 1 million TRY.

4 26% of the respondents employ between 10 and 50 persons and 28% of the participating companies have a turnover between 1 million TRY and 5 million TRY.

5 1 TRY was approx. 0.4 EUR when the companies replied to the Survey in 2012.



If we focus on export-oriented companies the EU remains the main destination. However, the share of exports to the EU has decreased from 44% in 2008 to 36% in 2012, while the share of Turkish exports to the Middle East and the Gulf region has increased from 17% in 2008 to 30% in 2012 as well as the share of Turkish exports to Russia and the New Independent States (9% in 2008 and 14% in 2012). This coincides with the general trends of Turkish exports as well as with Turkey's new trade structure resulting from its adaptation to the globalisation and to the new economic environment.



All sectors have been represented, though with an emphasis in the following three sectors: wholesale, retail and repair of motor vehicles (24%); agriculture, hunting and forestry (23%) and manufacturing (20%).

Like in the first edition of the survey, the majority of the respondents operate in the domestic market. 79% of the companies declare not to export while only 4% of the respondents export more than 50% of their turnover. This is mainly explained by the high number of SMEs among the respondents and the fact that a substantial proportion of Turkish SMEs, especially the smallest ones, mainly produce for either the national or local markets (SME ratio for exports is only 10% in Turkey).

## 2. KNOWLEDGE ABOUT TURKEY'S EU ACCESSION PROCESS AND EU ACQUIS

In the first part of the report, we analyse the level of awareness of the Turkish companies regarding the on-going EU accession negotiations as well as their familiarity with EU legislation and their information needs as far as the EU *acquis* is concerned.

### 2.1. LEVEL OF FAMILIARITY WITH THE ACCESSION NEGOTIATIONS

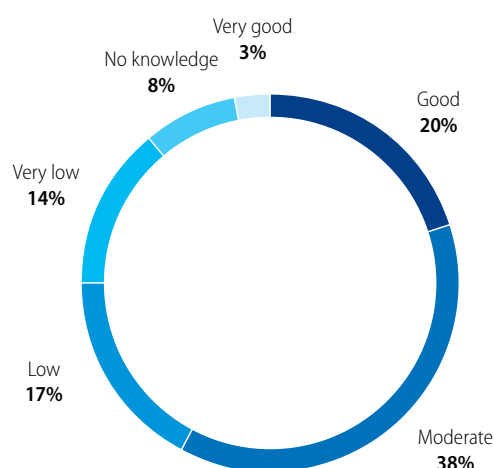
**Turkish companies are more familiar with the accession negotiation process than four years ago even if further efforts need to be made.**

Turkish companies seem more aware of the accession negotiation process than four years ago. Almost one quarter (23%) of the companies declared having a good or very good knowledge of the negotiation process against 17% in 2008. At the same time, fewer companies admitted that they were not familiar with the negotiation process (22% against 39% in 2008).

However, this level of awareness remains rather low, if we take into account that the accession negotiations started more than seven years ago in October 2005. These findings confirm that there is still limited knowledge in Turkey about issues related to the EU and the enlargement process<sup>6</sup>.

Further efforts still need to be made to ensure that the business community is aware of the overall process. It is crucial that Turkish companies are well informed about the actors, the negotiation chapters, and the overall state of play to be able to play an active role and show greater commitment to the accession process.

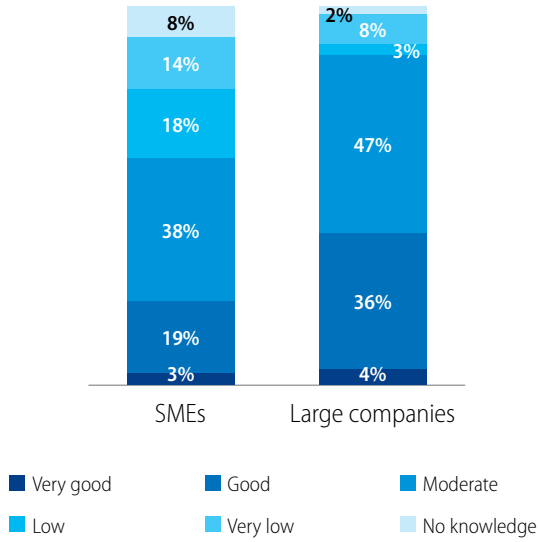
FAMILIARITY WITH ACCESSION NEGOTIATIONS BETWEEN THE EU AND TURKEY



Larger companies are generally better informed on the accession negotiation process than SMEs, which is a confirmation of the pattern established by the survey carried out in 2008. 40% of large companies are familiar with the process whereas 22% of the SMEs declare to have a good or very good knowledge of the accession process.

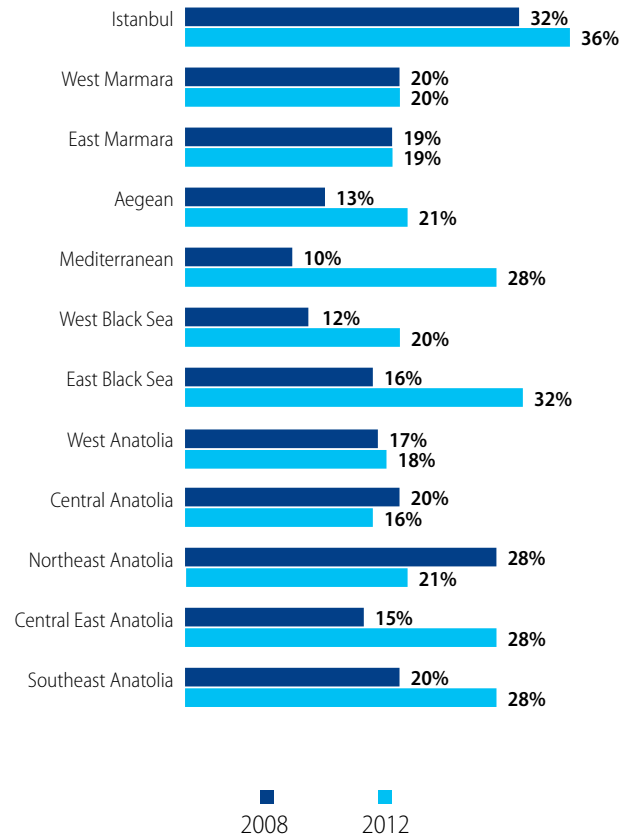
<sup>6</sup> According to the Eurobarometer published by the European Commission in Autumn 2012, it's in Turkey that we found the highest percentage of people, among the 6 candidate countries, affirming that they do not understand how the EU works (40%) against 33% who understand how the EU works.

### FAMILIARITY WITH THE ACCESSION NEGOTIATIONS BY COMPANY SIZE (NUMBER OF EMPLOYEES)



Istanbul remains the region where companies are best informed about the accession negotiation process (36%), followed by the East Black Sea region (32%), the Mediterranean region (28%), Central East Anatolia (28%) and South East Anatolia (28%). On the other hand, companies in Central Anatolia and West Anatolia are least informed. It's worth noting that the level of awareness of Turkish companies in the Mediterranean region, the East Black Sea region and Central East Anatolia has increased since the survey conducted in 2008.

### FAMILIARITY WITH THE ACCESSION NEGOTIATIONS BY REGION (PERCENTAGE OF WELL / VERY WELL INFORMED COMPANIES)



## 2.2. LEVEL OF AWARENESS ABOUT THE EU ACQUIS AS WELL AS OF TURKEY'S ONGOING EFFORTS TO COMPLY WITH THE EU ACQUIS

### 45% of Turkish companies are informed about the EU *acquis* and Turkey's efforts to comply with the EU *acquis*

During the accession negotiation process, Turkey has to gradually adopt the legal system of the European Union in its entirety, the so-called EU *acquis*<sup>7</sup>. In addition to legislative alignment, Turkey has to effectively implement all the *acquis*, except for certain issues that can be subject to transitional periods<sup>8</sup>. For the purpose of the accession negotiations, EU rules are divided into different policy fields (chapters), each of which is negotiated separately. The contents of 27 of these 35 chapters have direct or indirect effects on the daily business of Turkish companies. It is therefore crucial to assess the level of familiarity of Turkish enterprises with the sector-specific legislation, as well as with the horizontal legislation that affects all businesses regardless of the sector they operate in.

Turkish companies seem to have improved their level of familiarity with the relevant EU *acquis* provisions since 2008<sup>9</sup>. 45% of the respondents are familiar with the relevant EU *acquis* provisions. It's also worth noting that fewer companies admitted having no information on the EU *acquis* (17% against 25% in 2008).

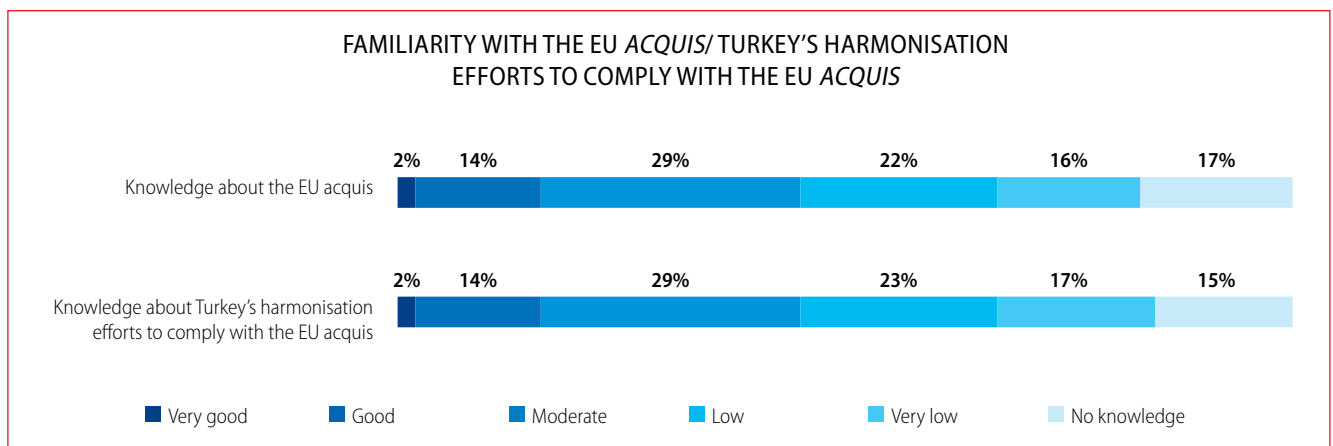
These findings, unsurprisingly, coincide with those regarding the level of awareness about Turkey's harmonisation efforts to comply with the EU *acquis*.

However, there is still important room for improvement since only 16% of Turkish companies declare to have very good or good knowledge of the EU *acquis*. The efforts made by the different stakeholders to inform the business community on the EU *acquis* should continue and be strengthened.

Two findings of the 2008 survey have been reconfirmed: Large companies and EU-export oriented companies are the best informed about the EU *acquis*. The share of large companies informed about the EU *acquis* (79%) is approximately twice as much as the share of SMEs (45%).

65% of the EU export-oriented companies consider to be informed about the EU *acquis*, whereas only 41% of the companies operating only at local level claim to have the same level of information.

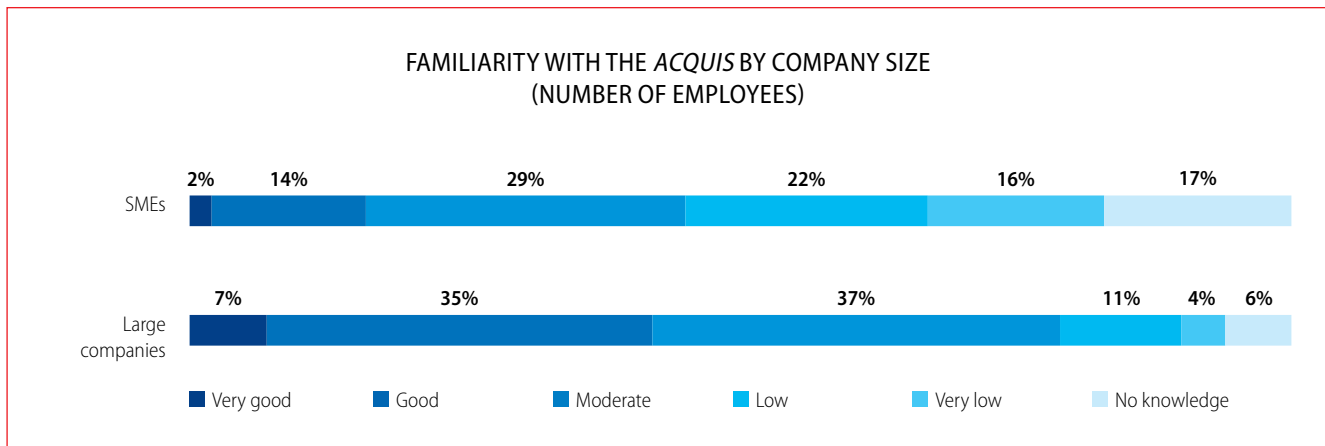
Companies that do not export to the EU might consider that they do not need to comply with the EU *acquis* and therefore they do not need to be informed about it. A specific information campaign should target these companies to explain that due to the Customs Union between the EU and Turkey, even companies that do not export to the EU need to comply with a certain number of EU rules. It is therefore important that all companies in Turkey are well informed about the overall EU *acquis*. Complying with EU rules is not only a prerequisite for accession but it will strengthen their competitiveness even at local level.



<sup>7</sup> The EU *acquis* is the set of EU rules, including: the content, principles and political objectives of the Treaties on which the European Union is founded; legislation and decisions adopted pursuant to the Treaties, and the case law of the Court of Justice; other acts, legally binding or not, such as inter-institutional agreements, resolutions, statements, recommendations, guidelines.

<sup>8</sup> Transitional periods allow new member states to comply with some pieces of EU legislation or some provisions therein following their accession to the EU, in line with a gradual calendar, as long as they prove that they will have serious difficulties ensuring compliance with the relevant legislative acts or provisions on the date of accession.

<sup>9</sup> In the 2008 survey, only 8% of the respondent considered to be fully informed about the *acquis* and 31% to be partly informed.



Awareness about the EU *acquis* differs from a region to the other. The results are consistent. Companies in Istanbul and in the East Black Sea region declare to be better informed on the EU *acquis* than in the rest of the country. Specific efforts should be made to inform companies in Central East Anatolia and in North East Anatolia. Since 2008, specific efforts seem to have been made in the Mediterranean region to inform companies about the EU *acquis*. In this region, we can notice an important improvement of the level of *acquis* awareness.

### 2.3. INFORMATION NEEDS FROM THE TURKISH ENTERPRISES REGARDING THE EU ACQUIS

The previous findings highlighted a clear need to inform Turkish companies about the overall *acquis*. It is also important to determine the EU-related topics that are the most relevant to the companies in their daily business with a view to filling the information gap and focusing on the real needs of the Turkish business community.

There is strong interest from the companies surveyed to receive more information on EU legislation in all the areas of specific relevance for their daily business. 72% of surveyed companies need very comprehensive or comprehensive information on trade rules (against 51% in 2008), followed closely by competition policy (66% of the companies against 44% in 2008). This higher information needs from the Turkish companies should be interpreted as a positive sign: they are more aware of their needs.

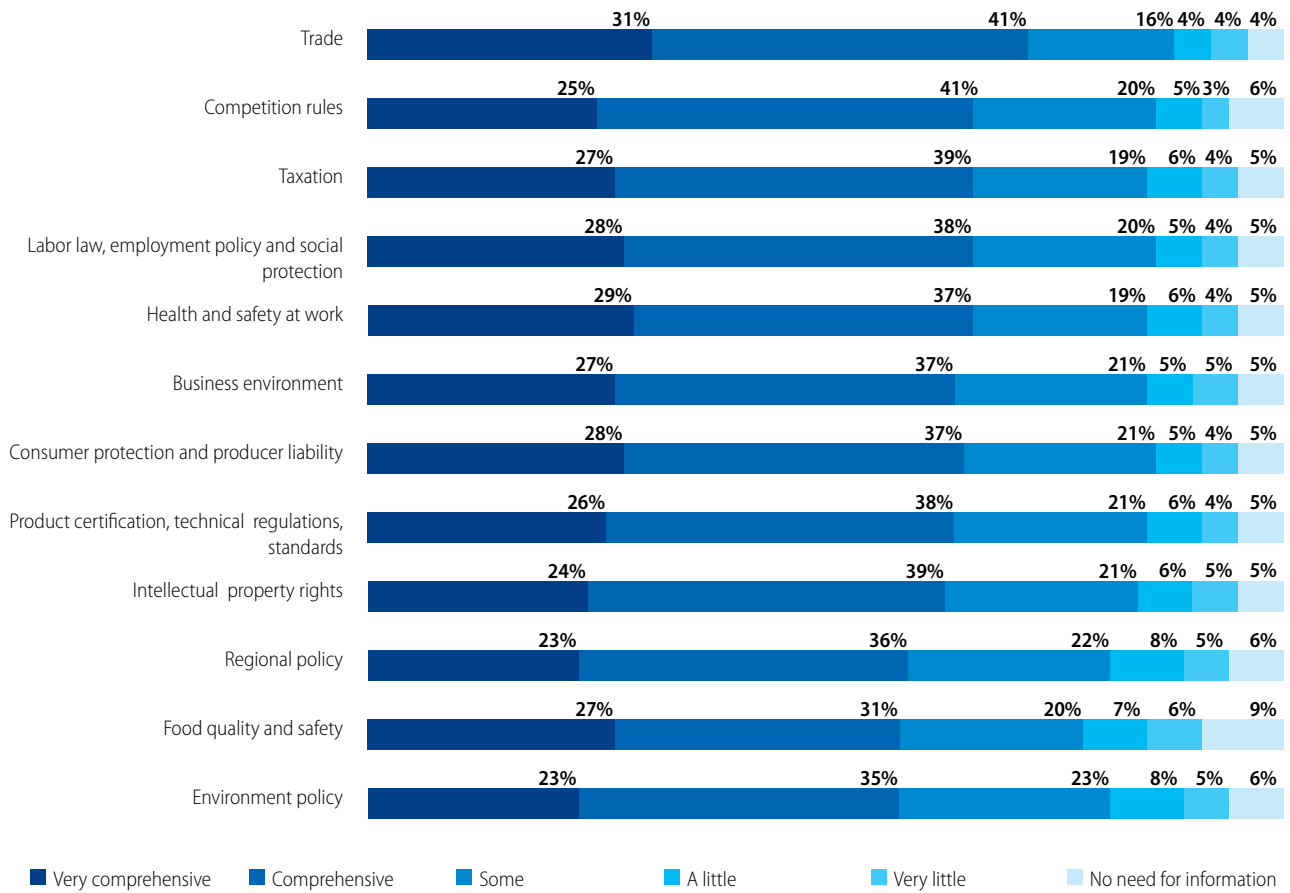
#### Information needs are highest when it comes to EU trade and competition rules.

Trade rules (including dispute settlement, trade barriers regulation, anti-dumping, anti-subsidy, safeguards) and competition rules (i.e. antitrust, mergers, cartels, liberalisation and state aids) are the two areas where Turkish companies need the most comprehensive information<sup>10</sup>, respectively 72% and 66% of the respondents. This is not surprising and it corresponds to the 2008 findings since trade policy and competition policy are the two policies at the core of enterprise competitiveness. Both policies are part of the EU-Turkey Customs Union established in 1996, which means that Turkish companies need regular updates on these two constantly evolving areas.

It is worrying that environment is one of the last areas in terms of information needs for Turkish companies. Enterprises, irrespective of their size and their field of activity, play a major role in improving environmental performance and will remain the primary source for innovation required to reconcile environmental protection and economic growth. Moreover in sectors such as manufacturing, a significant part of the EU environmental legislation regulates the whole supply chain, from the stages of design and production to the processes of packaging and waste treatment. Important efforts should therefore be made to raise awareness about the importance of the environment *acquis* so as to be in a position to implement it by accession.

<sup>10</sup> Very comprehensive / comprehensive need of information

## INFORMATION NEEDS BY AREA OF THE EU ACQUIS



There are substantial sectorial differences in the information needs on specific *acquis* areas. It comes as no surprise that food quality and safety is the most important area for hotels and restaurants and the second most important for companies operating in agriculture and forestry. The specific sector focus of this topic also explains its low ranking (second last) among all the other respondents. On the other hand, companies operating in the manufacturing sector have more comprehensive information needs regarding product certification, and technical regulations.

**INFORMATION NEEDS BY AREA OF THE EU LEGISLATION BY SECTOR  
(RANKING FROM 1 TO 12, 1 BEING THE HIGHEST SCORE)**

	WHOLESALE AND RETAIL SECTOR	AGRICULTURE, HUNTING AND FORESTRY	MANUFACTURING	CONSTRUCTION	OTHER COMMUNITY, SOCIAL AND PERSONAL SERVICE ACTIVITIES	TRANSPORT, STORAGE AND COMMUNICATION	MINING AND QUARRYING	HOTELS AND RESTAURANTS	FINANCIAL INTERMEDIATION	HEALTH AND SOCIAL WORK	ELECTRICITY, GAS AND WATER SUPPLY	EDUCATION	OTHER
Competition rules	5	6	2	6	3	5	4	7	2	3	2	1	7
Trade rules	1	1	1	1	1	1	1	2	1	1	4	3	1
Product certification, technical regulations, standards	8	4	3	8	7	9	6	9	9	7	3	11	9
Intellectual property rights	9	10	8	9	9	10	10	10	7	10	5	8	8
Taxation	2	3	6	4	8	6	5	5	3	2	6	7	4
Food quality and safety	11	2	12	12	12	12	12	1	12	11	12	12	10
Consumer protection and producer liability	6	5	9	7	6	7	11	4	4	6	8	6	6
Health and safety at work	7	7	5	2	4	4	3	6	10	8	1	5	3
Labour law, employment policy and social protection	3	8	4	3	2	3	2	3	6	4	9	2	2
Business environment	4	9	7	5	5	2	7	8	5	5	7	4	5
Regional policy	10	11	10	11	10	8	8	11	11	9	11	10	12
Environmental policy	12	12	11	10	11	11	9	12	8	12	10	9	11

### EU funding opportunities and programmes open to Turkey are still largely unknown to Turkish enterprises

From 2007 to 2013, the EU allocated to Turkey €4.8 bn through the Instrument for Pre-accession Assistance (IPA) with a view to support political and economic reform and prepare the country for the rights and obligations that come with EU membership. Private sector development is one of the priorities of the pre-accession funds.

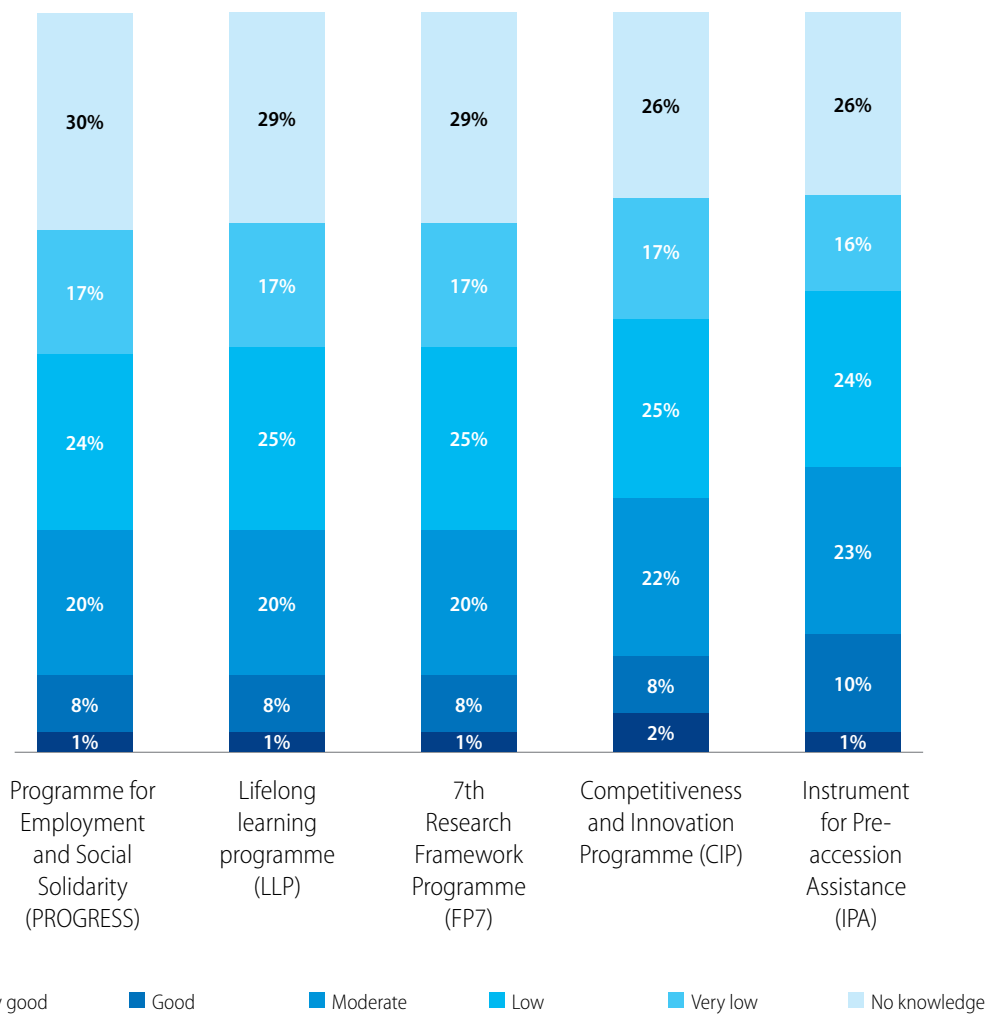
In addition, since 2004, Turkey can participate in EU programmes which are financial instruments supporting the development and coordination of EU policy, in different specific fields such as competitiveness, innovation, research, vocational training and employment. These programmes help Turkey become familiar with EU policies and instruments and enhance co-operation before accession.



Although Turkish companies have benefited, indirectly, from these financial instruments for several years, they are still largely unaware of these funds and programmes. Like in 2008, more than two thirds of the respondents affirmed to have no or little information on these instruments.

It is crucial to communicate better the different EU funds and programmes available to Turkish companies not only to ensure a wider participation but also to increase awareness among the business community about the benefits of the enlargement policy.

#### AWARENESS ABOUT EU PRE-ACCESSION FINANCIAL ASSISTANCE FOR TURKEY AND EU PROGRAMMES



### 3. INFORMATION SOURCES AND SERVICES RELATED TO THE EU *ACQUIS*

#### **Turkish companies should further exploit the available information on the EU**

Turkish companies recognise in their large majority that they are not sufficiently informed about the EU *acquis* (see part 2.2). However when they are asked whether they sufficiently exploit the possibilities to obtain information on the EU *acquis*, 87% reported that they have not made full use of the opportunities. Only 11% of the companies affirm using the available sources of information sufficiently. This figure is much lower than in 2008 (18.6%).

In general, information is available but not exploited.

Independently of their size, companies should be more proactive in looking for information on the EU *acquis*. Specific efforts should also be made to inform them on how to access information on the EU and to guide them in identifying the relevant information among the mass of information available.

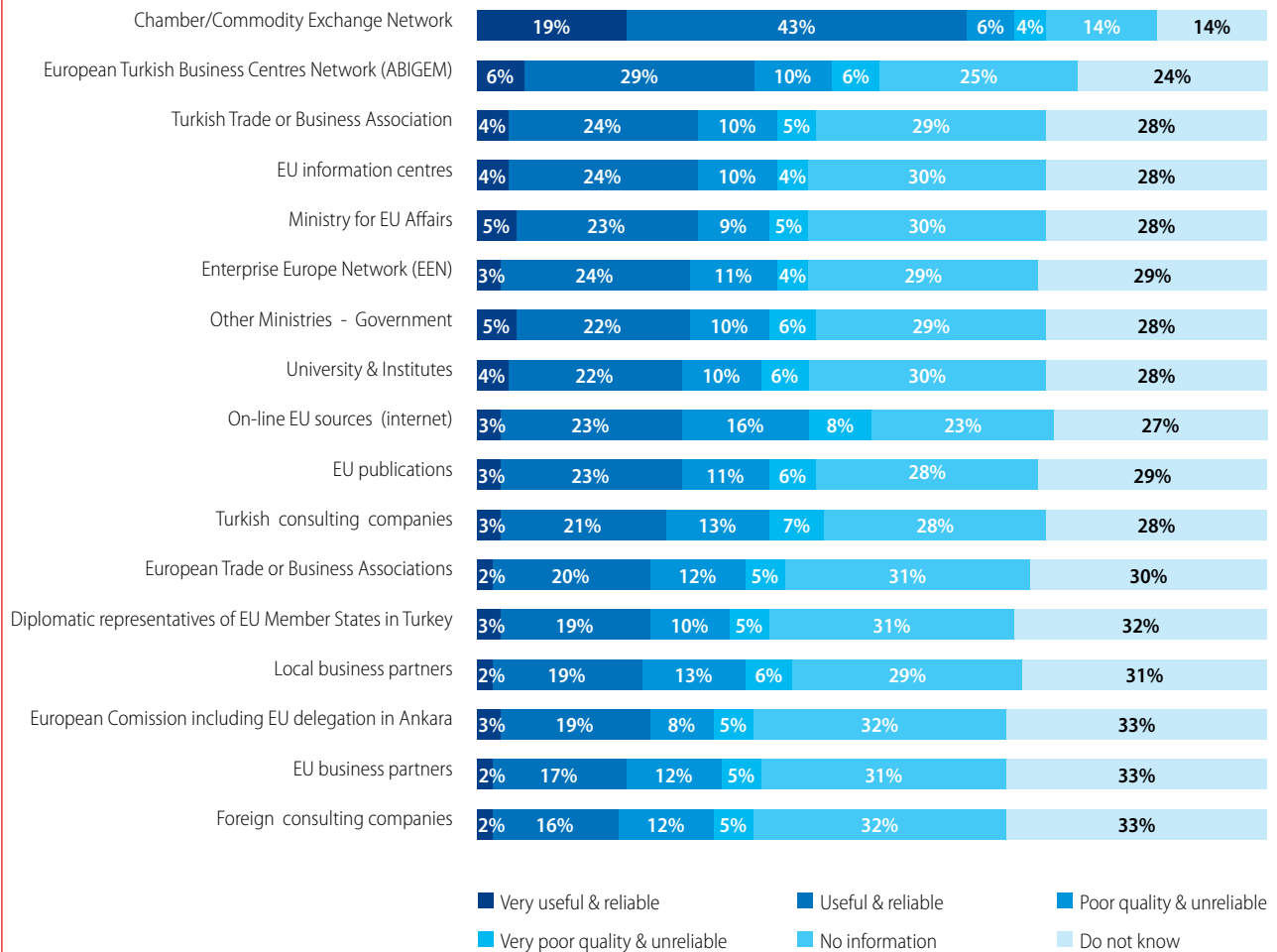
#### **Chambers of Commerce remain the most effective source of information on the EU *acquis***

The respondents consider, as in 2008, that the Turkish Chamber network provides the most relevant and useful information on EU *acquis*, followed by the European Turkish Business Centres Network (ABIGEM) and Turkish / Trade Business associations. It's interesting to note that on-line information (internet) is ranked only in 8th position whereas in other countries for a similar question internet is recognised as the best source of information. Companies in Turkey prefer to go through Turkish intermediary organisations to get the information. Information on the EU has to be as close as possible to the companies. The Chamber network, thanks to its wide geographical coverage (365 Chambers or Commodity exchanges all over Turkey) and its compulsory membership, seems to be the closest to the companies.

To meet the expectations of the companies, it is important to strengthen the capacity of the Turkish intermediary business organisations and in particular Chambers and commodity exchanges so that they can provide relevant EU-related information to the companies. It is also crucial to increase connections among the various providers of EU-related information and to ensure synergy.

In general, major effort has to be made to advise companies on how to obtain EU information from various sources including on-line information. Except for the Chamber network, more than half of the respondents declare to have no information from this source or to be unaware of the information available.

### QUALITY AND USEFULNESS OF THE INFORMATION SOURCES ON THE EU ACQUIS



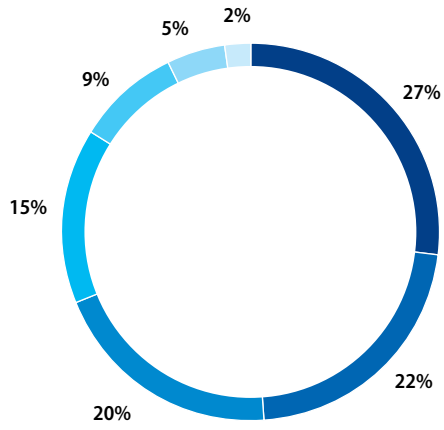
### Seminars, workshops and conferences are still considered as the best tools to acquire information on the EU *acquis*

Seminars, workshops and conferences on EU policies (27%) as well as publications on the EU (22%) are the privileged way for Turkish companies to get information on the EU. This finding is consistent with the results of the first edition of the survey. Seminars, workshops and conferences have the advantage to be usually tailor-made to the specific needs of the business community. They are more interactive and entrepreneurs can make the most of them. Once again, the proximity factor is important: entrepreneurs want to get (they don't want to look for) tailor made information corresponding to their specific needs.

This is most probably why internet is ranked only at the 4th position (internet score has even decreased since 2008 from 17.5% to 15%). As already mentioned (see the part on "quality and usefulness of the information sources on the EU *acquis*"), the on-line information on the EU is underexploited by Turkish companies, partly because this information remains not translated into Turkish which constitutes an obstacle for the companies.

The information providers should take into account these findings in their EU communication strategy to improve the knowledge on the EU among the Turkish business community and to bring the EU closer to the Turkish companies.

### INFORMATION SERVICES NEEDED BY THE COMPANIES



- Meetings, seminars, workshops, conferences, etc
- Printed information materials on EU legislation and its actual implementation (reports, studies, guides, magazines, newsletters, etc.)
- Professional consulting services - local consultants
- Services provided on the internet
- Technical assistance from the European Union and EU Member States
- Professional consulting services - foreign consultants
- Other

## 4. COMPLIANCE WITH THE ACQUIS BY TURKISH COMPANIES

This fourth part of the survey focuses on the level of readiness of Turkish companies to comply with the *acquis* as well as the difficulties they already expect in this regard.

### 4.1. STATE OF PREPARATIONS

#### Only 22% of the companies have started preparations to comply with the relevant *acquis* provisions

Four years after the first edition of the survey, and despite the fact that the harmonisation of Turkish legislation with the *acquis* started more than seventeen years ago when the Customs Union between the EU and Turkey entered into force<sup>11</sup>, there is only a slight progress in preparations of Turkish companies for the implementation of the EU *acquis*. Less than a quarter of Turkish companies (22%) reported

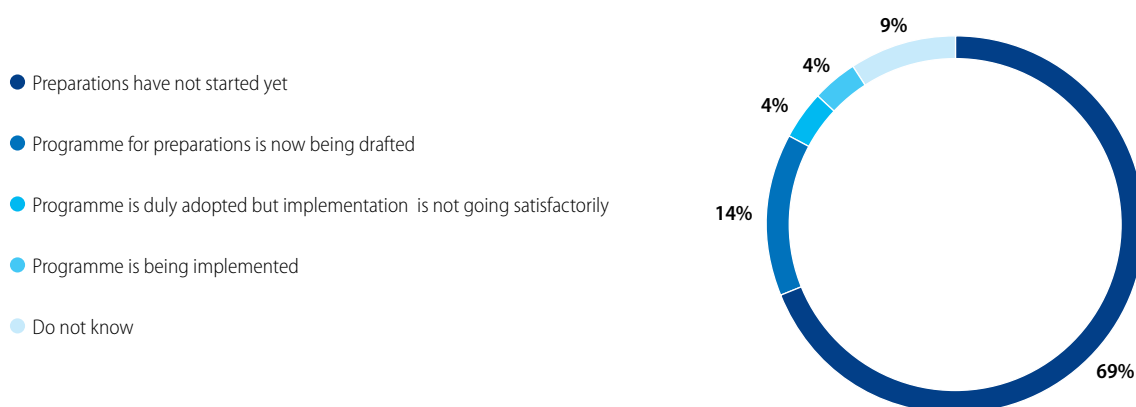
to have already started preparations to comply with the EU *acquis*, which represents a slight improvement since 2008 (16%).

The high percentage of companies that have not yet started any preparations (69%) is hardly surprising since their level of awareness of the EU legislation - and therefore of what has to be implemented - is rather low (see part 2.2).

It is however encouraging to see that 14% of the respondents claim to be busy drafting their programme (7% in 2008).

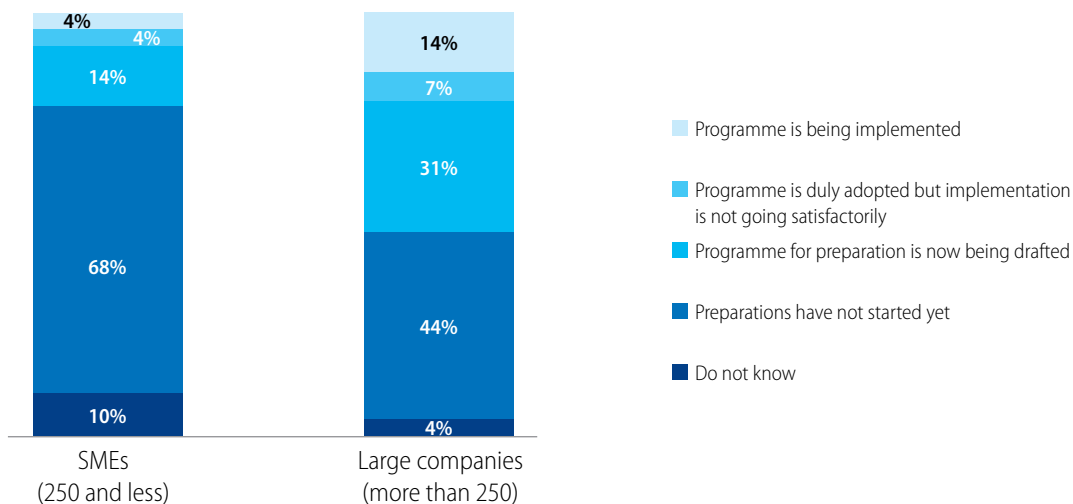
Like in 2008, larger companies are more advanced in preparations than smaller companies. 68% of SMEs declare that their preparations have not started yet as opposed to only 44% of large companies.

PHASE OF PREPARATION FOR THE IMPLEMENTATION OF THE EU ACQUIS



<sup>11</sup> The Customs Union which entered into force in 1996 has already obliged Turkey to take over some EU rules covering the free movement of goods, competition policy and intellectual property rights. The Customs Union only covers trade in industrial goods, not services and agricultural products.

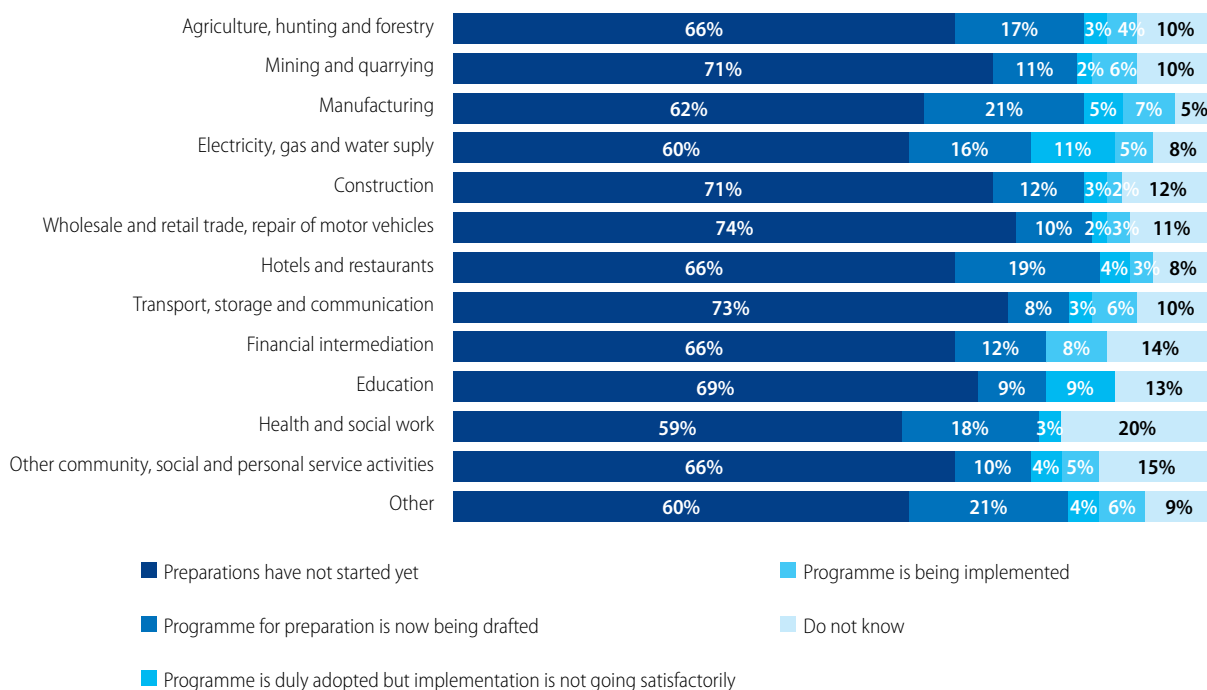
### PHASE OF PREPARATIONS FOR IMPLEMENTATION OF THE ACQUIS BY COMPANY SIZE



There are important differences across regions. The share of companies that have not started preparations yet ranges from 52% in Istanbul to 79% in Central East Anatolia, which is also one of the regions with the lowest level of awareness on the EU *acquis*.

When results are analysed by sector some important differences can be noticed. As it was the case in 2008, the wholesale and retail sector is lagging behind whereas electricity, gas and water supply as well as health and social work are the most advanced.

### PHASE OF PREPARATIONS FOR IMPLEMENTATION OF THE ACQUIS BY SECTOR



In all companies, regardless of their size, sector or region, it is important to strengthen their awareness on the importance of complying with the EU legislation as soon as possible, independently of the pace of the accession negotiations: it has been recognised that the compliance with the EU *acquis* increase competitiveness whatever the EU accession perspectives are.

#### 4.2. LEVEL OF COMPLIANCE IN FIVE SPECIFIC ACQUIS TOPICS

##### Current level of compliance with five important areas of the EU *acquis* is satisfactory

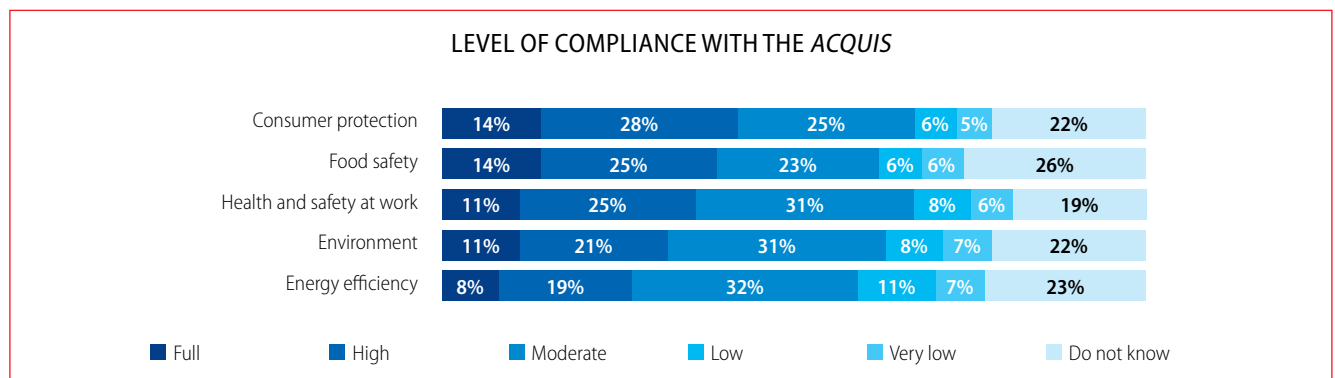
It is quite striking to note that despite the fact that the high majority of companies are at the very first stage of preparations for adaptation to the EU *acquis* requirements, the companies expressed reasonable level of compliance in areas of specific importance in their daily business. The highest level is to be found in the area of "consumer protection" (42% of the respondents consider that they comply with the *acquis* in this field), closely followed by "food safety" (39%) and "health and safety at work" (36%).

The contradiction between this finding and the fact that the companies consider that they are at an early stage of preparations can be explained by two reasons. Either the companies make a subjective assessment about their level of compliance or they carry out harmonisation efforts without developing a particular strategy for this purpose. If the second hypothesis is confirmed, those companies would need a more integrated strategy for compliance. The EU *acquis* covers many regulations that relate to or complement each other under various chapters, which the

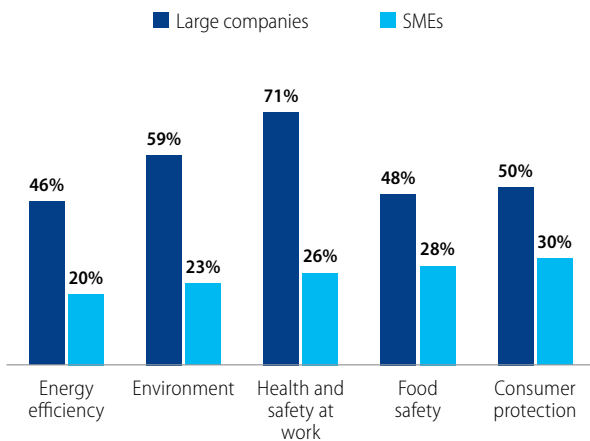
companies will need to comply with at the end of the day. In order to manage the harmonisation process so as to minimise the costs and maximise the benefits, the companies need first to develop roadmaps for alignment, covering all the pieces of EU legislation that will affect them under various chapters. Then, they need to shape their preparation plans, taking into account the compliance calendars foreseen in the National Programme of Turkey for the Adoption of the EU *Acquis*, EU Strategy for Turkey's Accession Process and the Annual Action Plans prepared in this respect. It is very important that the Chamber network in Turkey and business representative organisations design and carry out information and consulting activities and services in this process, especially for SMEs.

In the context of the second phase of the EU-Turkey Chambers Forum, in parallel to this survey, EUROCHAMBRES and TOBB have audited around 250 Turkish companies on their level of compliance on these five specific topics. Companies had to complete detailed questionnaires on each topic, which translate the *acquis* into specific questions for companies. The results of these *acquis* audits will allow us to confirm or nuance the findings of this survey.

Larger and export-oriented companies tend to comply better with the EU regulations on these five specific topics than SMEs. The main reason is that when doing business in the EU market, their activities are already subjected to *acquis* compliance by the EU importers. It's worth noting that the ranking for large companies is different than the one for SMEs. For large companies, the highest level of compliance can be found in the area of "health and safety at work" followed by "environment".

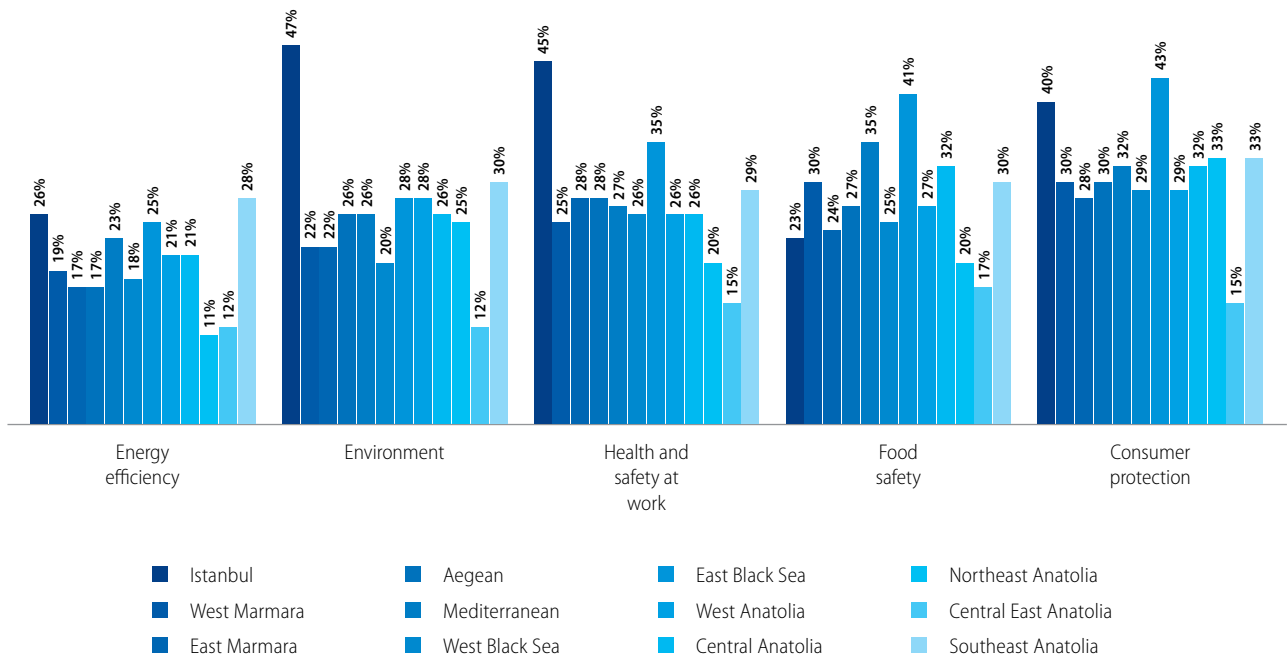


### LEVEL OF COMPLIANCE WITH THE ACQUIS BY COMPANY SIZE



When results are analysed by region, some important differences are to be noted. Istanbul has the highest level of compliance in two topics, “environment” and “health and safety at work”, whereas East Black Sea region takes the lead for “food safety” and “consumer protection”. Companies in Central East Anatolia have the lowest level of compliance with the *acquis* in these five topics.

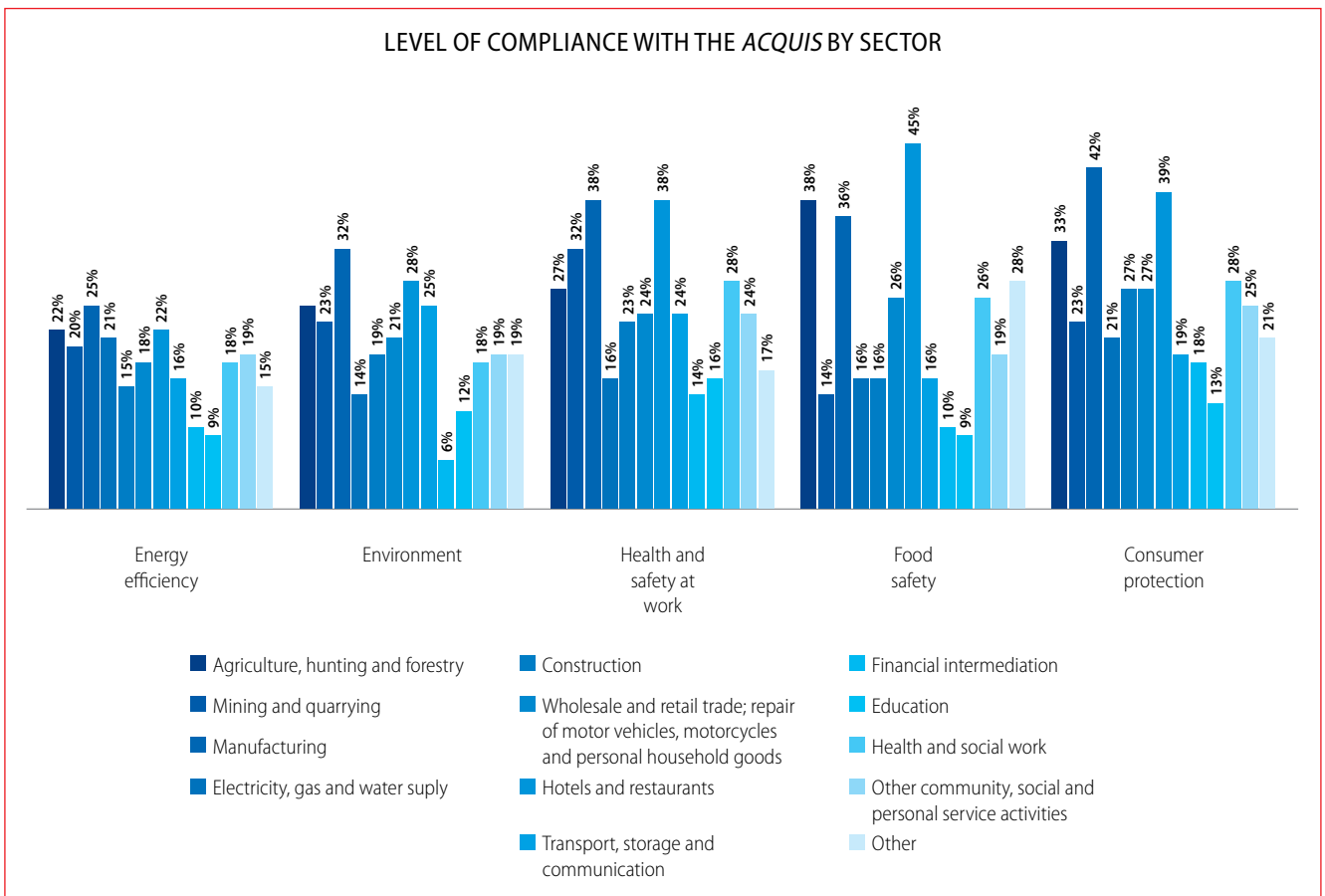
### LEVEL OF COMPLIANCE WITH THE ACQUIS BY REGION





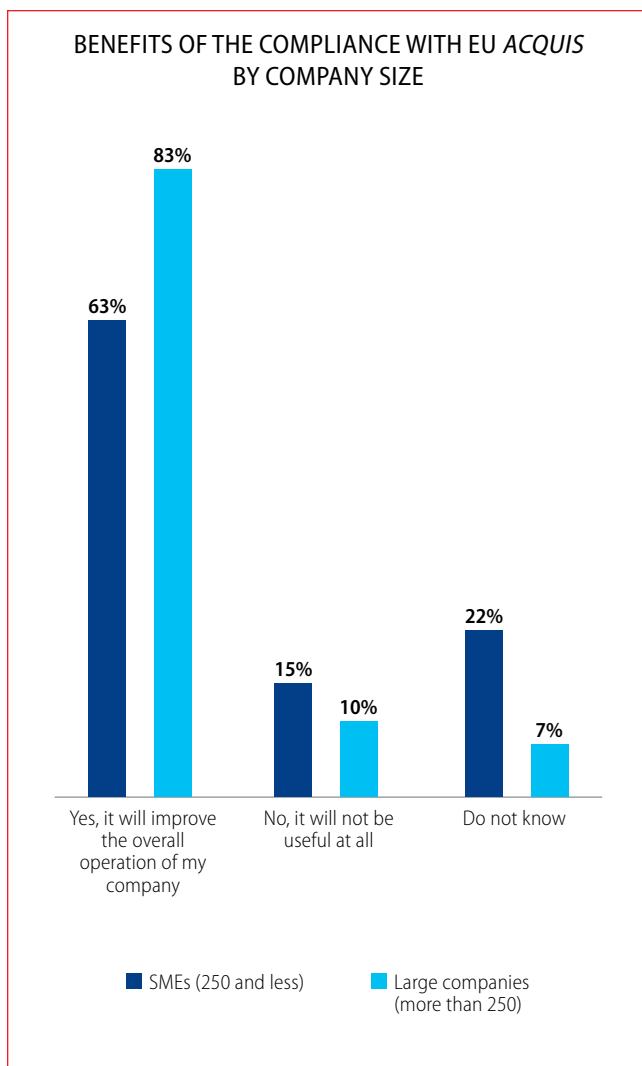
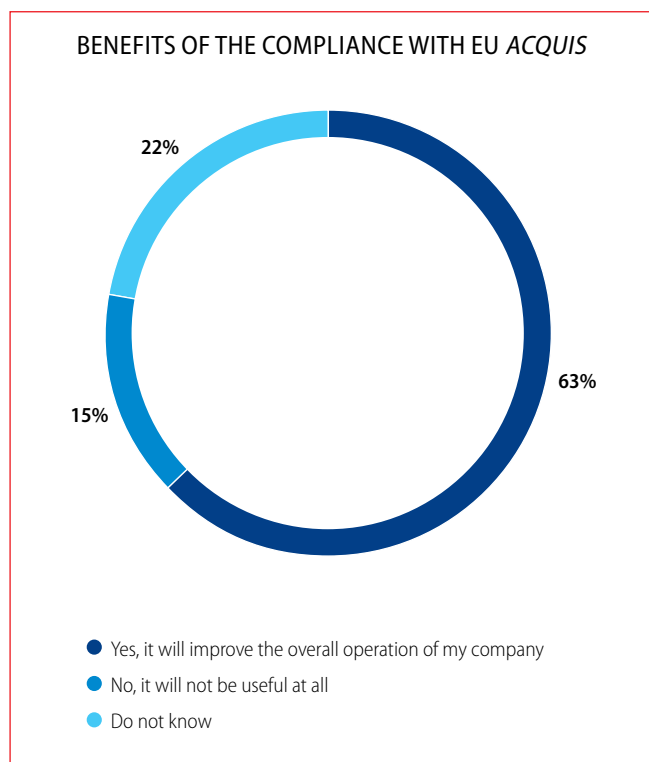
The analysis per sector highlights important differences. The level of compliance is usually higher in the topic(s) of specific importance for the sector in which the companies are operating. The highest level of compliance of companies operating in "agriculture, hunting and forestry" is unsurprisingly in "food safety" (38%) and "consumer protection" (33%), whereas companies in "mining and quarrying" focus more on "health and safety at work" (32%) and companies in

the "construction" sector focus more on "energy efficiency" (25%). It's worth noting that manufacturing companies have a high level of compliance in the five topics (from 25% in "energy efficiency" to 42% in "consumer protection"). On the contrary, companies operating in "electricity, gas and water supply" have to make particular efforts to comply with the *acquis* in the five topics.



### 4.3. COMPLIANCE WITH THE EU ACQUIS: A TOOL FOR DEVELOPING COMPETITIVENESS

The large majority of the respondents (63%) consider that complying with the EU *acquis* will improve the overall management and operations of their company, while only 15% of the companies believe that it will not be useful at all.



The larger the companies are, the more convinced they are about the benefits of *acquis* compliance for their competitiveness. 83% of large companies consider that complying with the EU *acquis* will have a clear impact on their overall competitiveness, against 63% of SMEs.

#### 4.4. SPECIFIC PROBLEMS EXPECTED BY TURKISH COMPANIES

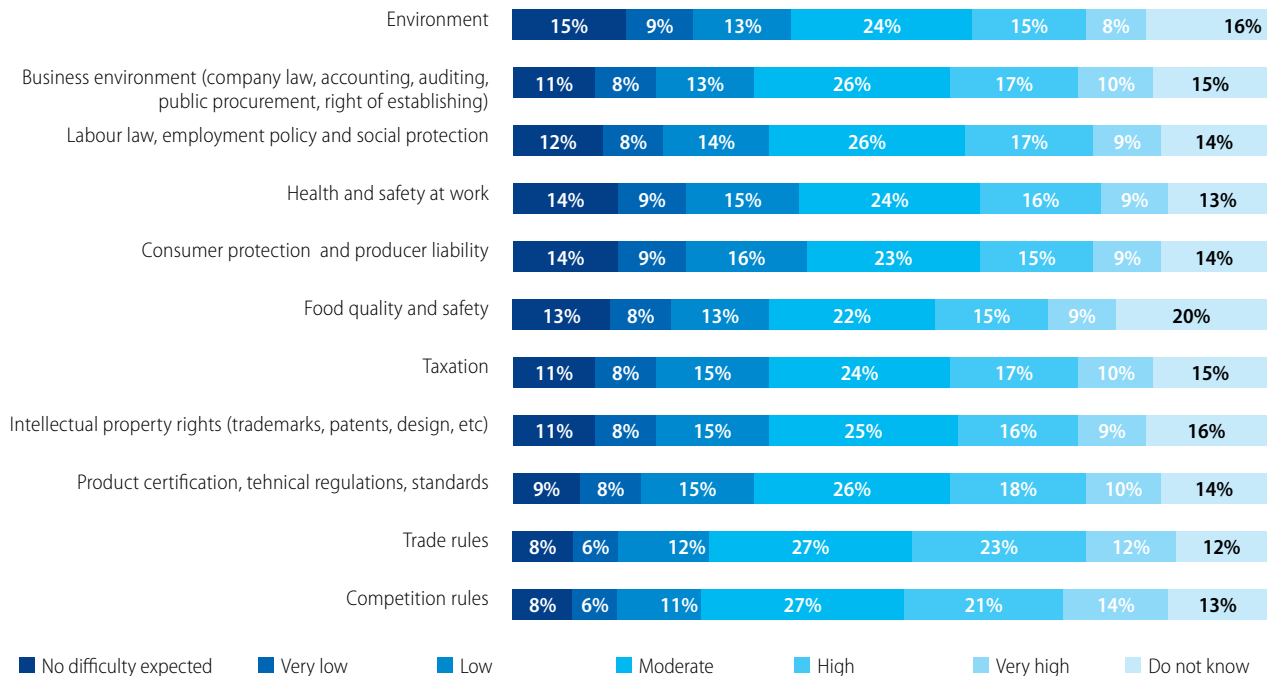
The issue of compliance has also been approached from a different angle: companies have been asked about most problematic areas, i.e. expected difficulties accompanying the implementation of individual areas of the *acquis*.

The most difficult areas of compliance have remained almost unchanged since 2008. "Competition rules" and "trade rules" are still considered as the most difficult areas to comply with (35% of the respondents have high or very high difficulties to comply with the *acquis* in these two areas). The areas of "environment", "consumer protection" and "health and safety at work" remain the least problematic areas. As already mentioned in the 2008 survey, it is striking to note that "environment" is considered one of the least problematic areas for Turkish companies to comply

with (37% of the respondents consider that they will have no, very low or low difficulties in complying with the *acquis* in this area). The environment chapter is recognised as being one of the most comprehensive and difficult chapters of the accession negotiations between the EU and the candidate countries. The latest waves of enlargement have demonstrated that compliance with EU *acquis* on environment involves considerable structural changes and substantial financial resources and investments for companies. In this context the candidate countries have, without exception, to negotiate transitional periods in order to postpone the full compliance after accession.

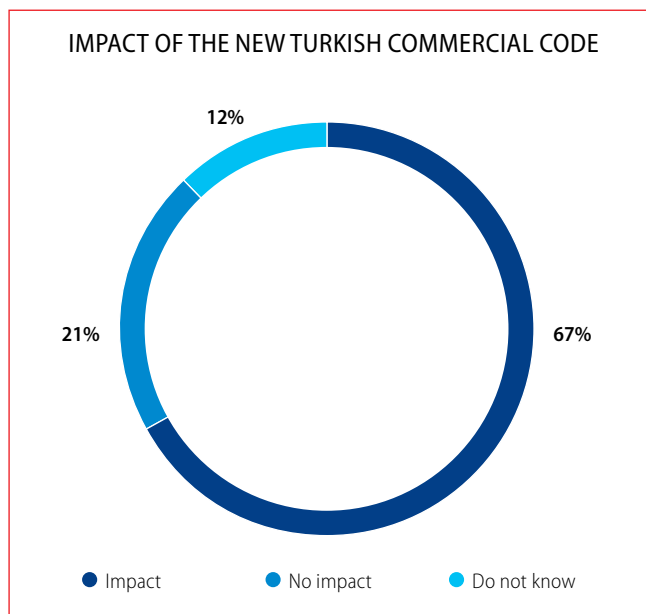
It is crucial to have a clear and objective picture of the most problematic areas for Turkish companies to comply with in order to be able to provide focused and tailor-made services to help the companies in this process.

#### PROBLEMATIC AREAS IN ACQUIS COMPLIANCE



#### 4.5. IMPACT OF THE ENTRY INTO FORCE OF THE NEW TURKISH COMMERCIAL CODE

The majority of the companies (67%) state that the new Turkish Commercial Code, which entered into force in July 2012, has an impact on their business. The impact seems to be higher for SMEs than for large companies. 68% of the SMEs consider that the entry into force of the New Turkish Commercial Code will have an impact on their business, against 54% for the larger companies. Companies, which export to the EU, also foresee a higher impact on their business of the entry into force of the New Commercial Code (75%).



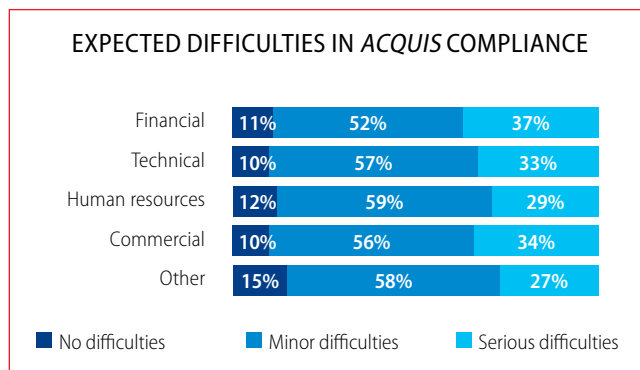
However the nature of this impact is not clear. Exactly half of the respondents who consider that the New Commercial Code will have an impact on their business, consider that this impact will be positive, whereas the other half believes it will be negative. Larger companies are more positive regarding the entry into force of these new rules (74%) than SMEs (50%). Large companies which operate more on global markets see the harmonisation of the Turkish rules governing the business environment with international standards as a positive development, whereas SMEs are more reluctant due to the structural and administrative costs linked to the compliance with those new rules.

#### 4.6. IMPACT OF THE COMPLIANCE WITH ACQUIS ON BUSINESSES

##### Companies expect more difficulties in complying with the EU *acquis* than four years ago.

The survey has also provided an opportunity to assess the expected problems in complying with the *acquis* in essential areas of business operations: financial, technical, human resource management and in commercial areas.

The outlook is rather negative and the results are slightly worse than in 2008. The share of 'serious difficulties' has increased since the previous survey. The financial area remains the most problematic one. Complying with the *acquis* will require additional investments by Turkish companies and will have an important financial impact on them. The area of marketing (commercial aspect) follows in second position. Difficulties in human resources remain the least important concern for the Turkish companies.



Large companies seem to be less concerned than SMEs. Only 11% of the large companies in Turkey expect serious financial difficulties in complying with the EU *acquis* provisions.

There are variations depending on the sector. Companies operating in the agricultural sector expect the highest difficulties in the financial and human resources areas. The sector, which was excluded from the Customs Union between Turkey and the EU, will need to go through important restructuring during the accession process.

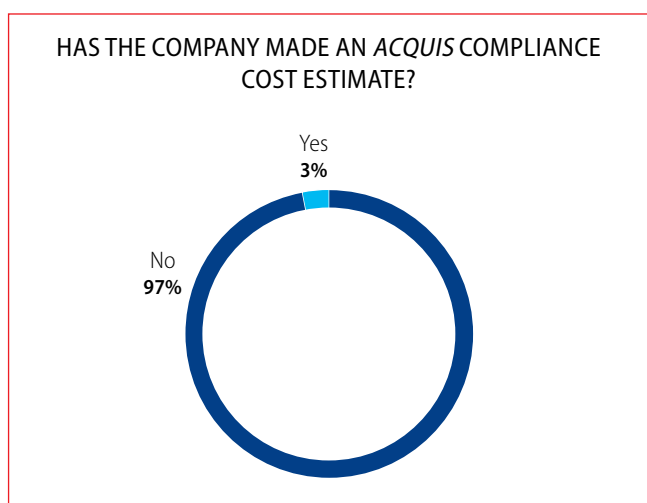
The situation differs also among the regions. More serious financial difficulties are expected in Central Anatolia and West Anatolia; whereas companies in the region of Istanbul still foresee fewer financial difficulties in complying with the EU *acquis*.

#### 4.7. COST COMPLIANCE

##### Most companies have still no idea about the cost of complying with the *acquis*

Readiness can also be measured through the existence of cost estimates. Only 3% of the respondents have made cost estimates. This figure, which is even lower than in 2008 (5%) gives cause of concern and reinforces the previous findings on the level of corporate preparations for EU membership and the level of awareness regarding EU legislation. Companies which are not aware about the content of the EU *acquis* and which have not developed a programme to comply with the *acquis* cannot make sound assessments on the costs of the necessary changes implied by the accession process.

The estimates of those companies that have made a cost assessment are not too high. 52% expect the costs of *acquis* compliance not to exceed 150.000€. However since the majority of the respondents are SMEs with low turnover, these costs might still represent an important financial burden.



Impact assessments aiming at determining these costs are expensive and should be done for a wide range of legislation.

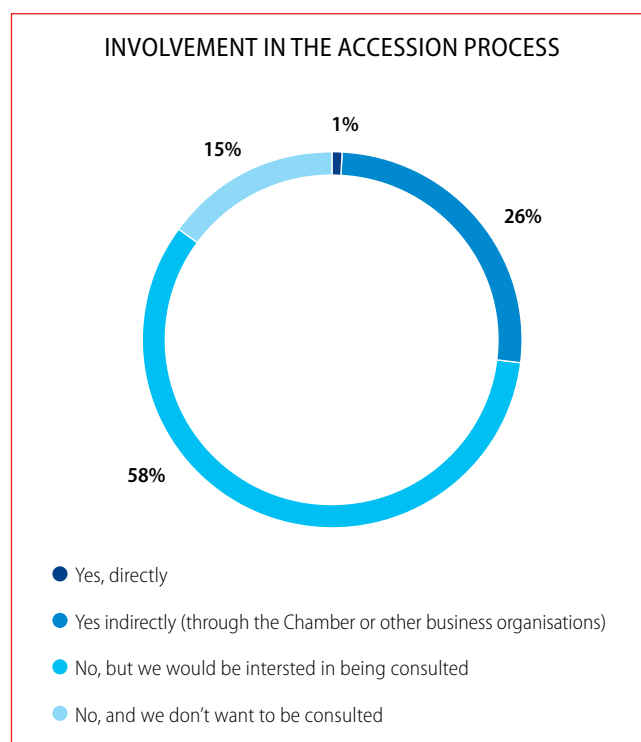
In order to alleviate the general cost of compliance with the EU legislation for Turkish companies, it is crucial that business representative organisations advise on the importance of and assist in carrying impact assessments as soon as possible.

#### 4.8. INVOLVEMENT OF THE BUSINESS COMMUNITY IN THE ACCESSION NEGOTIATIONS

##### Turkish companies want to be more involved in the accession negotiation process

Whereas the majority of the EU legislation will directly or indirectly affect the Turkish companies, only 27% of the respondents say that they have been consulted (1% directly and 26% indirectly) by government in the context of the accession process. 58% of the Turkish companies participating in the survey state that they have not been consulted but they would be interested in participating in the accession process.

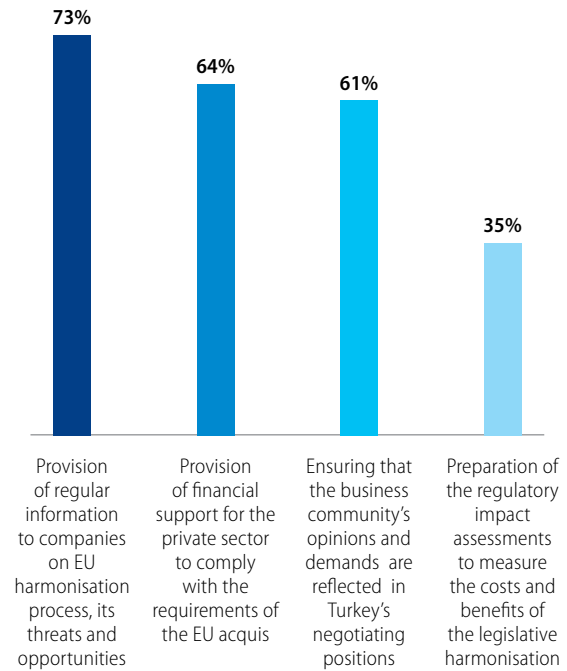
It is crucial to ensure that companies participate actively in the accession process. They can provide objective up-to-date information on the economic benefits and challenges of the EU Enlargement to the policy makers. On the other hand, they will better understand the reasons for enlargement and the implications of accession.



Three quarters of the respondents expect to receive regular information on the EU harmonisation process, its challenges and opportunities and 61% of the Turkish companies want the business community's opinions and demands to be better reflected in Turkey's negotiation position.

Although the majority of the companies have not assessed the compliance cost yet, they are aware that compliance with many chapters of the *acquis* will be costly. Almost two thirds of respondents expect to receive financial support to comply with the requirements of the EU *acquis*. Given that only a minority of the respondents is aware of the EU funds and programmes (see part 2.3), it is crucial to make a specific effort to improve the information flow on how Turkish companies can participate in EU funds and programmes as well as on the opportunities provided by the Turkish government.

#### EXPECTATIONS FROM THE GOVERNMENT



# 5. ATTITUDE TOWARDS TURKEY'S POTENTIAL ACCESSION TO THE EU

This section analyses the attitude of Turkish companies, their expectations as well as their fears towards Turkey's potential accession to the EU.

## 5.1. EXPECTATIONS FROM A POTENTIAL EU MEMBERSHIP

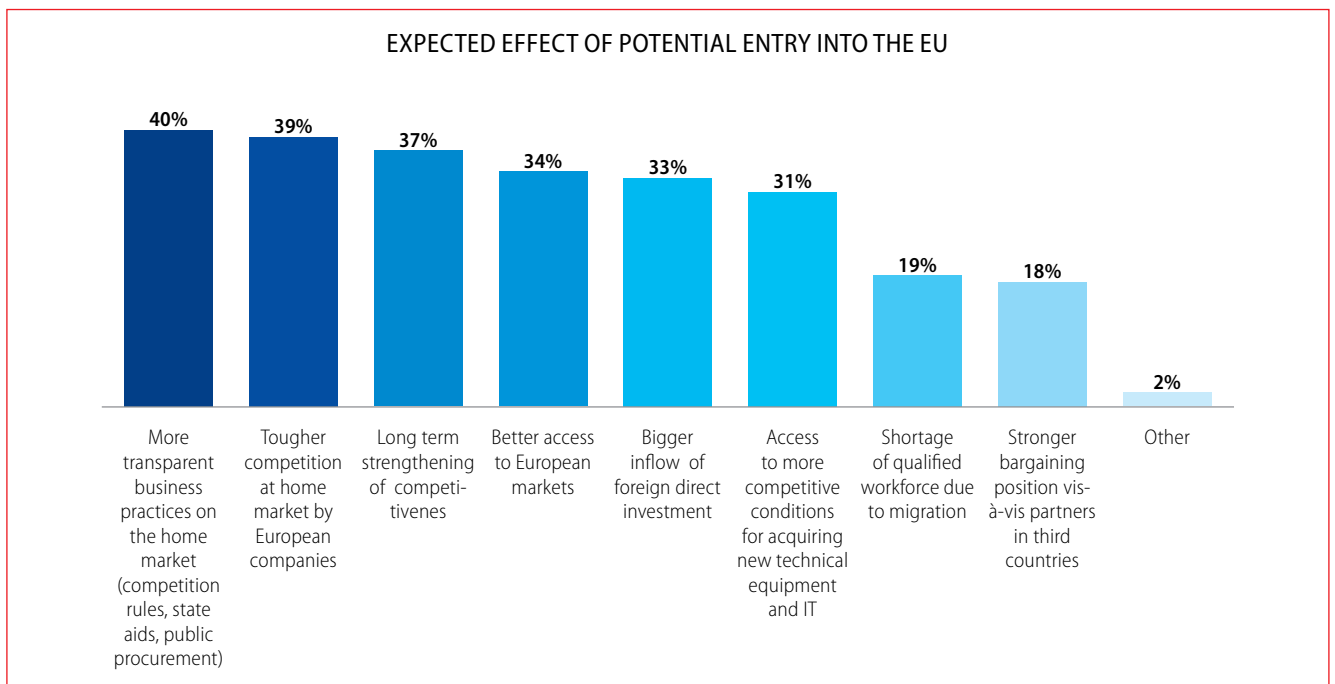
### Companies expect more transparent business practices on the domestic market

Like in 2008, most of the companies expect positive changes from a potential EU membership of Turkey: enhanced transparency in business practices (40% of the respondents), long term strengthening of competitiveness (37%), easier access to European markets (34%) and bigger inflow of Foreign Direct Investments (33%). Entrepreneurs in Turkey expect more benefits from a

potential EU membership than the wider population. These findings can also explain the optimism expressed about accession (see part 5.2).

It is interesting to note that only 18% of the companies believe that they will benefit from a "stronger bargaining position vis-à-vis partners in third countries".

Companies expect from EU membership greater impact on the general business environment and business competitiveness than on the trade and investment relations. This can be explained by three factors: 1) the large majority of the responding companies are small and micro enterprises producing either for the national or local markets and they don't expect major changes in their export orientation and capacity to attract FDI; 2) the Customs Union between Turkey and the EU already provides excellent



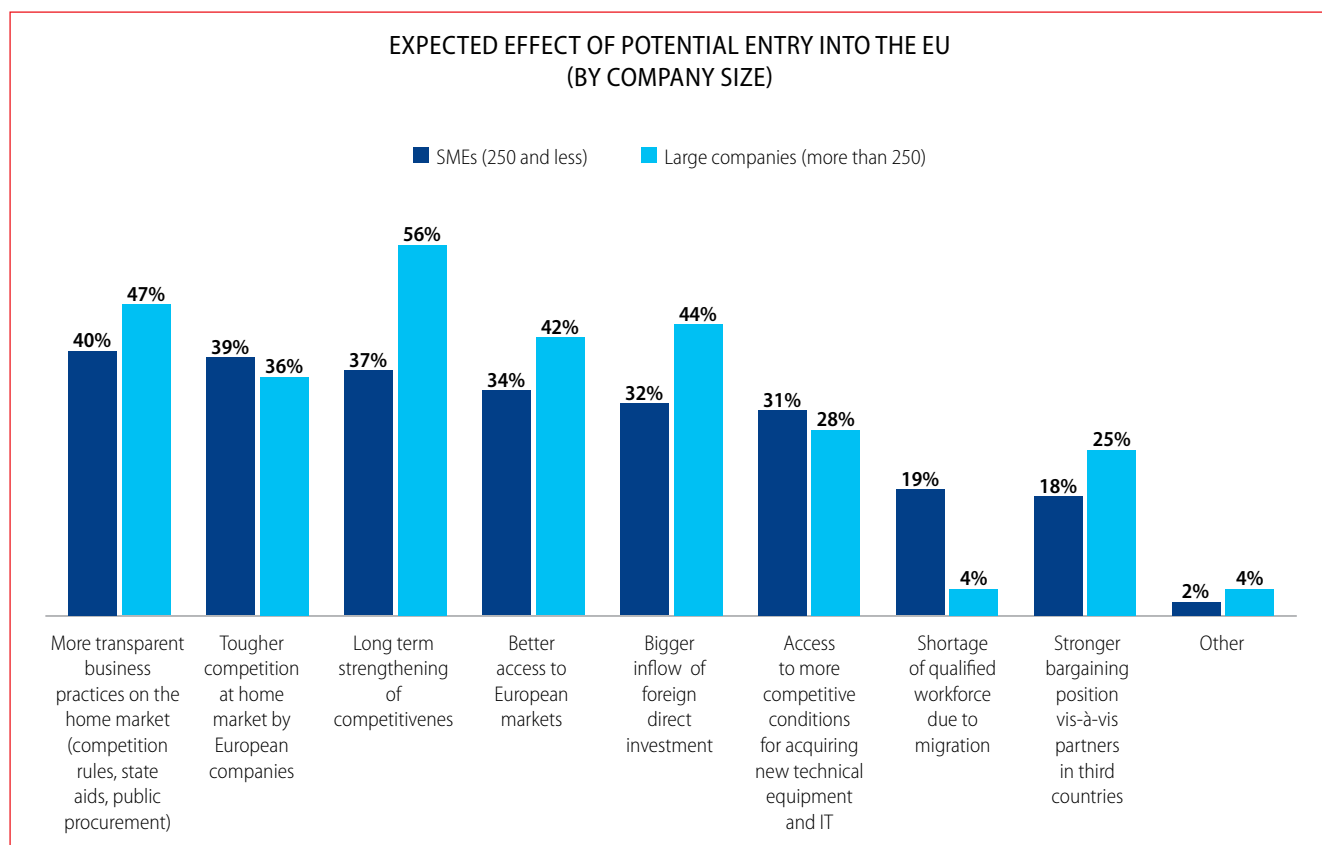
conditions for trade and investments; 3) Turkey — strategically placed between the Balkans, the Black Sea and the Middle East — is becoming an important regional player. More and more Turkey is considering itself as a bridge between the West and the East and therefore consider less its potential EU membership as a “stronger bargaining position vis-à-vis third countries”.

However, companies also recognise that competition will be tougher on their domestic market (39%). The accession process requires that Turkish companies adapt their business to cope with the competition in an enlarged EU.

Only 19% of the respondents fear a shortage of workforce following EU membership.

The ranking of expected effects of potential entry into the EU is quite different, if we look at the results for large companies and SMEs. Large companies highlight the positive benefits arising from Turkey's potential EU membership. The larger the company is, the better placed it is to compete in the single market and to make the most of its advantages. Large companies expect mainly improved competitiveness (56%), more transparent business practices on the home market (47%) and bigger inflow of Foreign Direct Investments (44%).

It is important to stress two points: 1) specific efforts should be made to ensure that SMEs are ready to compete in the single market whenever the accession takes place; 2) when communicating on the economic benefits of Enlargement it is important to focus on SMEs to ensure they understand the global impact of EU membership.





As far as sectors are concerned, "more transparent business practices" are mainly expected in the construction sector, the wholesale and retail sector, the education sector as well as health and social work sector. The manufacturing sector as well as hotels and restaurants expect mainly long-term strengthening of competitiveness. Like in 2008, the agriculture sector is the only sector which expects primarily "tougher competition at home market". The main reason for this finding is, as already mentioned in part 4.6, that the Customs

Union does not cover agricultural products. The sector will have to restructure to remain competitive in the enlarged EU. This should be also a concern for the service sectors, which are not covered neither by the Customs Union. Those sectors should require specific attention from the stakeholders.

### EXPECTED EFFECTS OF TURKEY'S POTENTIAL ENTRY IN THE EU BY SECTOR

	Agriculture, hunting and forestry	Mining and quarrying	Manufacturing	Electricity, gas and water supply	Construction	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	Hotels and restaurants	Transport, storage and communication	Financial intermediation	Education	Health and social work	Other community, social and personal service activities	Other
<b>More transparent business practices on the home market (competition rules, state aids, public procurement)</b>	38%	36%	38%	37%	42%	44%	38%	37%	35%	47%	49%	42%	30%
<b>Tougher competition at home market by European companies</b>	42%	35%	38%	34%	37%	43%	28%	32%	31%	25%	23%	31%	43%
<b>Long term strengthening of competitiveness</b>	38%	27%	42%	29%	31%	39%	46%	36%	33%	34%	51%	35%	19%
<b>Better access to European markets</b>	34%	32%	36%	39%	34%	31%	37%	41%	39%	19%	33%	32%	40%
<b>Bigger inflow of foreign direct investment</b>	34%	30%	34%	50%	33%	30%	41%	35%	37%	19%	46%	24%	47%
<b>Access to more competitive conditions for acquiring new technical equipment and IT</b>	34%	40%	35%	32%	31%	27%	25%	25%	22%	28%	36%	29%	19%
<b>Shortage of qualified workforce due to migration</b>	18%	25%	20%	18%	19%	19%	23%	16%	16%	9%	8%	16%	17%
<b>Stronger bargaining position vis-à-vis partners in third countries</b>	17%	21%	22%	32%	21%	15%	10%	22%	20%	9%	15%	18%	21%
<b>Other</b>	2%	4%	2%	2%	3%	2%	3%	2%	4%	6%	4%	4%	4%

Expectations differ to some extent in the different regions. "More transparent business practices on the home market" is a priority in Istanbul, East Marmara, the Mediterranean region and the West Black Sea region. "Long term strengthening of competitiveness" is more expected in West Marmara, the Aegean region and South-East Anatolia. Whereas negative effects of Turkey's potential accession to the EU like "tougher competition" seems to worry most the companies in West Anatolia, Central Anatolia and Central

East Anatolia. "Shortage of qualified workforce due to migration is primarily a concern in North-East Anatolia whereas it was not a concern in 2008. It's worth noting that North-East Anatolia has the lowest GNP per capita in Turkey and 3 of the 10 provinces with the highest levels of outward migration. As in 2008, Istanbul is the region which is the least concerned by the negative impact of Turkey's potential entry in the EU (tougher competition and shortage of qualified workforce).

### EXPECTED EFFECTS OF TURKEY'S POTENTIAL ENTRY IN THE EU BY REGION

	Istanbul	West Marmara	East Marmara	Aegean	Mediterranean	West Black Sea	East Black Sea	West Anatolia	Central Anatolia	Northeast Anatolia	Central East Anatolia	Southeast Anatolia
<b>More transparent business practices on the home market (competition rules, state aids, public procurement)</b>	48%	40%	43%	39%	43%	41%	38%	38%	46%	30%	39%	28%
<b>Tougher competition at home market by European companies</b>	33%	38%	39%	38%	39%	38%	39%	40%	48%	23%	42%	36%
<b>Long term strengthening of competitiveness</b>	43%	41%	36%	43%	29%	36%	34%	39%	30%	29%	38%	49%
<b>Better access to European capital markets</b>	43%	31%	28%	31%	32%	32%	44%	37%	35%	30%	40%	47%
<b>Bigger inflow of foreign direct investment</b>	34%	30%	35%	32%	33%	31%	37%	21%	41%	23%	40%	39%
<b>Access to more competitive conditions for acquiring new technical equipment and IT</b>	28%	34%	30%	30%	34%	34%	32%	24%	29%	30%	28%	29%
<b>Shortage of qualified workforce due to migration</b>	13%	14%	17%	14%	16%	19%	23%	23%	32%	39%	22%	16%
<b>Stronger bargaining position vis-à-vis partners in third countries</b>	28%	16%	24%	18%	22%	18%	16%	16%	12%	23%	9%	24%
<b>Other</b>	7%	1%	2%	1%	2%	3%	1%	4%	3%	7%	2%	5%

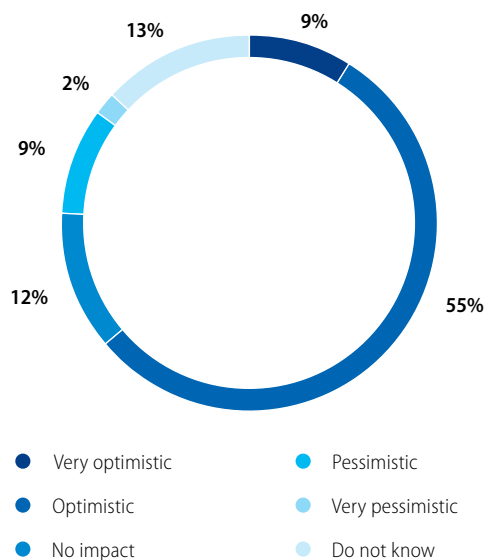
## 5.2. BUSINESS PROSPECTS

### Turkish companies are even more positive than in 2008 regarding the impact of Turkey's potential membership to the EU on their business

It is encouraging that almost two thirds of the companies that participated in the survey (64%) are optimistic or very optimistic about their business prospects in the single market against 59% in 2008. Only 9% are pessimistic and 2% very pessimistic whereas 12% do not expect any change.

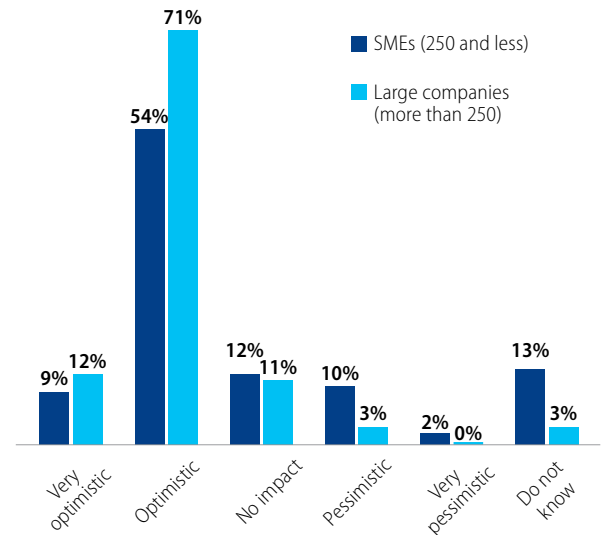
These positive findings can be interpreted either in terms of growing confidence or still insufficient knowledge of the consequences of Turkey's entry in the EU for their business. The constant and rather high level of respondents who don't know whether the entry of Turkey's into the EU will have a positive or negative impact on their business (13%) would corroborate the second hypothesis.

#### BUSINESS PROSPECTS IN VIEW OF POTENTIAL ACCESSION TO THE EU



Large companies are increasingly optimistic (84% are optimistic/very optimistic against 74% in 2008). They are also more optimistic than SMEs (63%). It is logical since large companies are better informed and already comply to a greater extent with the EU *acquis*. They are better prepared to meet the enlargement challenge than SMEs and therefore more optimistic.

#### BUSINESS PROSPECTS BY COMPANY SIZE



EU export-oriented companies are also more optimistic (69%) than companies operating only at national or local levels (62%).

As far as the sectors are concerned, enterprises in "health and social services", "transport, storage and communication" as well as in "electricity, gas and water supply" are the most optimistic (more than 70%).

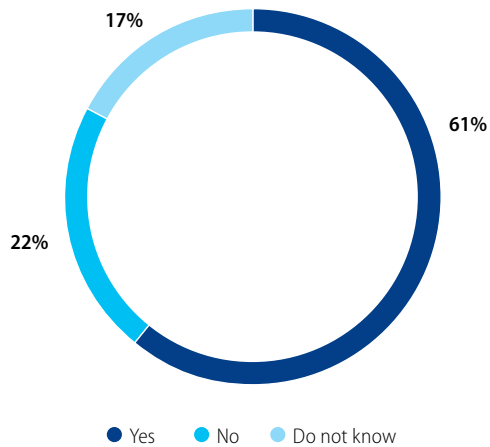
### The majority of Turkish companies consider that the current EU visa policy towards Turkey constitutes an obstacle to doing business with EU Member States

61% of the respondents consider that the current EU visa policy towards Turkey is an obstacle to doing business with the EU countries. Large companies and exporters to the EU are even more concerned by the EU visa policy with respectively 65% and 80%.

Even though there have been some positive developments in this area, such as the green light given to the "visa dialogue process" in the context of the positive agenda, the main expectation of the Turkish business community is the complete removal of the visa requirements as soon as possible.

While Turkey is the only candidate country, which has no visa liberalisation, the issue is becoming one of the most sensitive in the EU-Turkey relations.

### IS THE CURRENT EU VISA POLICY AN OBSTACLE FOR TURKISH COMPANIES TO DO BUSINESS WITH THE EU?



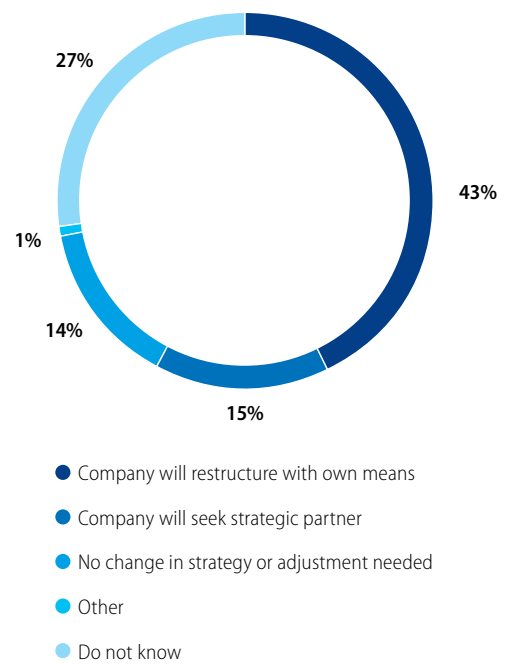
#### The majority of Turkish companies consider that Turkey's potential accession to the EU would imply an adjustment in their company's strategy

Concerning their company's strategies for the single market, 58% of the respondents consider that they will need to undergo structural changes as a consequence of Turkey's potential accession to the EU. 43% stated that they will adapt to and prepare for the single market by their own means. The share of companies, which will adapt to the single market without any external means has decreased since 2008 (51%); whereas the share of companies which will look for a strategic partner has slightly increased from 12% in 2008 to 15%. Only 14% of the respondents did not see any need to change their company's strategy.

Despite the fact that Turkish companies foresee serious financial, commercial and technical difficulties in complying with the EU *acquis* (see part 4.6), the share of companies that do not know what will be their strategy to adapt their business to the single market has increased from 23% in 2008 to 27%. This confirms that Turkish companies are still unprepared to comply with all the requirements resulting from a potential EU accession of Turkey (see part 4.1).

It is essential to inform Turkish companies about the consequences of Turkey's potential accession to the EU for their business so that they can adapt their strategy and prepare themselves in time to remain competitive in an enlarged European Union.

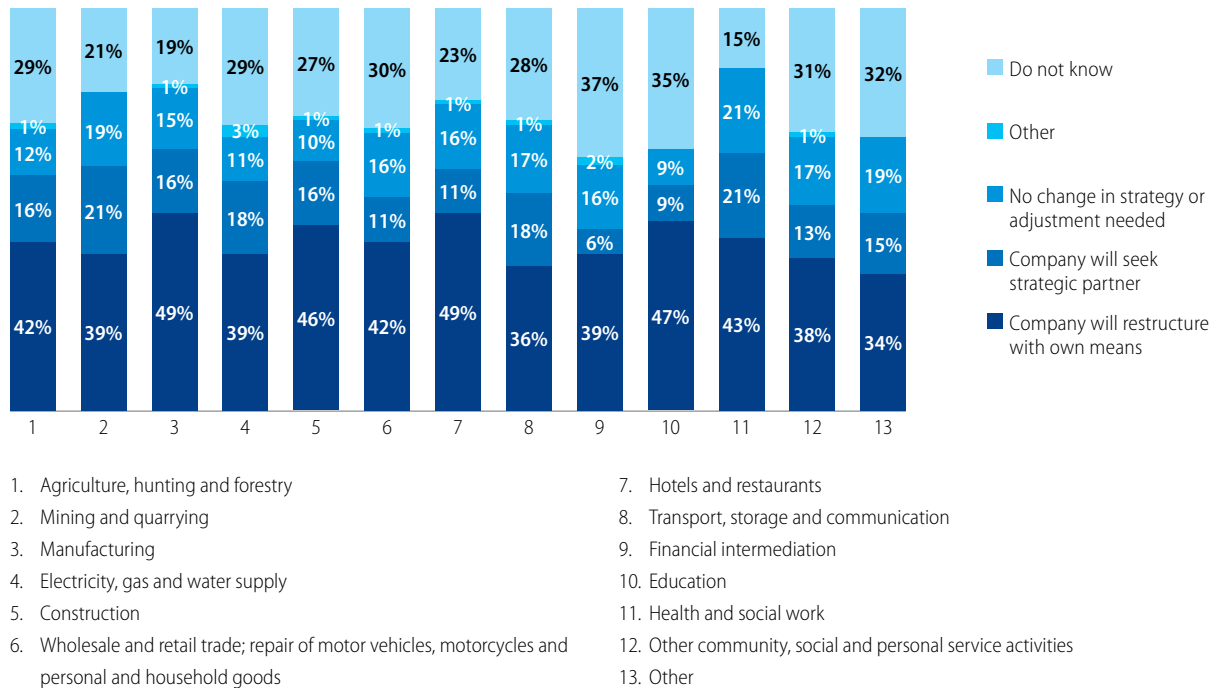
### COMPANY STRATEGY IN VIEW OF TURKEY'S ACCESSION TO THE EU



A high share of large companies (44%) considers that no change in their strategy is needed. Their entry into the internal market will have less impact on their business since their strategy is already adapted to a global market.

It is worth noting that the financial sector is also the sector where the share of companies, which do not know yet what will be their strategy to adapt their business to the single market, is the highest, followed by the education sector and the wholesale and retail sector. Specific efforts should be made to help these sectors to adapt their business to ensure that they remain competitive in the single market.

### COMPANY STRATEGY IN THE VIEW OF TURKEY'S ACCESSION TO THE EU BY SECTOR



Companies in Istanbul are most advanced in terms of adapting strategies to the single market. Among them, the share of companies expecting a change in their strategy has increased to 67%, whereas companies in the East Black Sea region expect the fewest changes in their strategy.

### 5.3. VIEWS ABOUT POTENTIAL EU MEMBERSHIP

#### Turkish enterprises are still strong supporters of Turkey's accession to the EU

Three quarters of the Turkish companies surveyed are in favour of joining the EU. Despite the fact that the political, financial, economic and international context has deeply changed in the past four years, there is stable and strong support for EU accession among Turkish companies since 2008. This finding is even more striking if we consider that many companies are not prepared yet to operate in the single market, and some difficulties are to be expected.

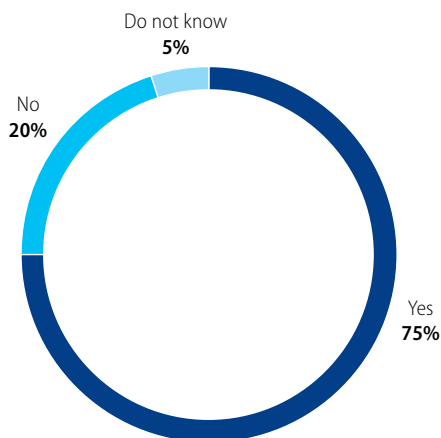
It's noteworthy that the share of companies against Turkey's EU accession has increased from 16% to 20%.

The gap however between the opinion of Turkish companies and Turkish overall society is even more important than in 2008<sup>12</sup>. The findings of the survey corroborate the words of Karel De Gucht, European Commissioner for Trade, in Istanbul in 2011: "Some of the most vocal supporters of invigorating the EU-Turkey relations are found in the business community".

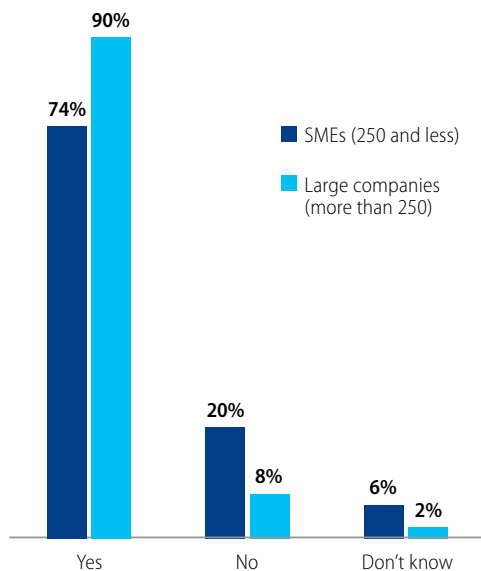
This can be explained by the fact that on the whole, economic integration, through the Customs Union and the accession process, has so far been a success. Companies in Turkey have already benefited from growing investment, higher productivity growth, technology and financial transfers from the EU, and they are aware that this would be reinforced after accession and their participation to the Cohesion and structural funds.

<sup>12</sup> According to the Eurobarometer conducted in autumn 2012 by the European Commission, the percentage of people in Turkey stating that membership would be a "good thing" is 36% against 49% in Spring 2008, while 33% consider that it will be a "bad thing" against 21% in Spring 2008.

## ARE YOU IN FAVOR OF JOINING THE EU?



The larger the company, the more favourable it is to Turkey's EU accession. Support from large companies for Turkey's EU accession has increased from 86% in 2008 to 90%.

ARE YOU IN FAVOR OF JOINING THE EU?  
BY COMPANY SIZE

The electricity, gas and water supply sector as well as the wholesale and retail sector are the sectors where support for EU accession is the highest. Financial services and the education sector are the least supportive of the enlargement process.

As in 2008, more than 80% of the companies in Central East Anatolia, South East Anatolia and Istanbul support Turkey's accession to the EU. Whereas the least supportive companies are to be found in the West Marmara region, Central Anatolia, and West Anatolia. There is a clear link between the responses to this question, with the answers to the question on the companies' business prospects as a consequence of EU membership and with the replies to the question on the magnitude of expected problems.

It is worth comparing the share of companies which support EU accession (75%) and the share of companies that consider that EU accession will bring mainly benefits to their companies (63%) (see part 4.3). This difference underlines that the companies' outlook towards accession is not limited to their fields of activity. The companies' strong support for EU accession reflects a wider perspective based on the political, economic and social transformation of the country.

**Enlargement is not an immediate prospect**

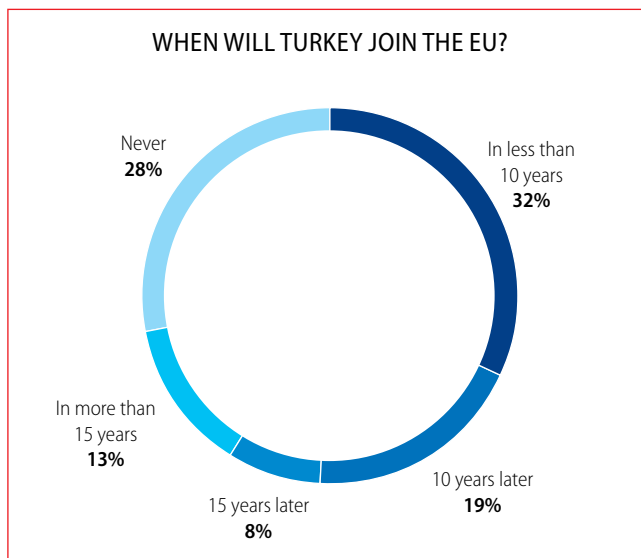
If we consider that the first edition of the survey was conducted four years ago, we can consider that the responses of Turkish companies regarding when Turkey would join the EU has almost not changed. The majority of the companies believe that Turkey will join the EU by 2023 (which corresponds to the 100th anniversary of the Republic): 51% of the respondents to the second edition consider that Turkey will join within ten years whereas 52% of the respondents to the first edition believed that Turkey will join within fifteen years. 21% of the participants in the second edition of the survey believe that Turkey will join the EU after 2023 (against 25% in the first edition of the survey).

However, the share of companies that believe that Turkey will never join the EU has slightly increased from 24% in 2008 to 28%. There is a non-negligible proportion of Turkish businessmen who are in favour of joining the EU but who believe that Turkey will never enter the EU.

This results stress the importance to maintain the momentum for EU Enlargement. It is crucial to enhance communication and mutual understanding between both business communities as well as communication on the benefits of EU enlargement to overcome any misperceptions and to ensure that Turkish enterprises are motivated to continue costly reforms.

The companies with the most positive outlook (which believe that accession will occur in ten years maximum) are to be found in Central East Anatolia (63%), in Istanbul (56%) and in Southeast Anatolia. Whereas West Anatolia (32%), West Marmara and the Aegean region (31%) are the regions with the highest percentage of companies that consider that Turkey will never access the EU.

The companies in the mining sector (51%), electricity, gas and water supply sector (50%) and manufacturing (48%) are the most positive believing that Turkey will join the EU in ten years or less. Education is the most pessimistic sector, 38% of the companies believe that Turkey will never join the EU.

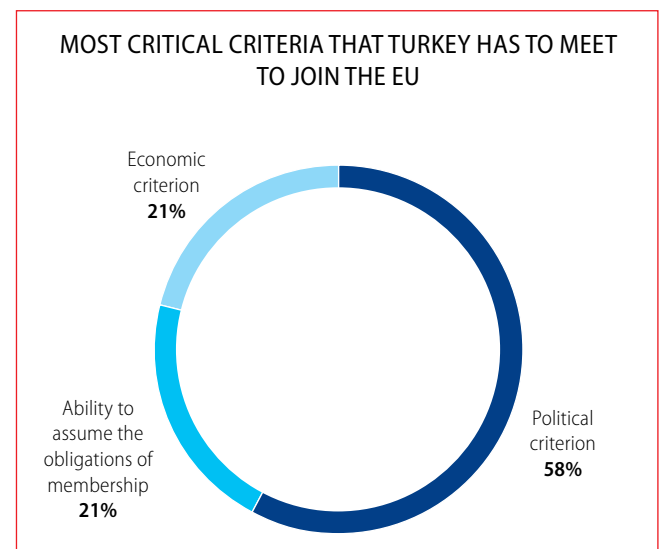


### The political criteria is the critical criterion to be met to become a member of the EU

Three criteria<sup>13</sup> are required for any candidate country to become a member of the EU. The first criterion is stable institutions that guarantee democracy, the rule of law, human rights and respect for and protection of minorities; the second criterion is the establishment of a functioning market economy, as well as the ability to cope with competitive pressures and the market forces at work inside the Union; and finally the third criterion is the ability to assume the obligations of membership, that is the *acquis* expressed in the Treaties, the secondary legislation and the policies of the Union.

This new edition of the survey confirms that Turkish companies consider that the political criterion is the most critical criterion that Turkey has to meet to join the EU (58%). Compared to the 2008 results, the economic criterion seems less crucial for the respondents (21% against 29% in 2008). This can be explained by the economic and financial crisis in the EU, while Turkey's economy has demonstrated a rather stable economic performance, enhancing the perception among Turkish companies that to cope with the pressure of competition and the market forces within the EU will be less challenging for Turkey. The share of companies that found the ability to assume the obligation of membership (compliance with the *acquis*), as the most determinant criterion has increased since 2008 from 13% to 21%. This can be explained by the relative increase in the *acquis* awareness among Turkish companies.

It is in Central East Anatolia that the surveyed companies found the political criteria the most critical for Turkey (72%), followed by South East Anatolia (65%) and the East Black Sea region (64%).



<sup>13</sup> The so-called "Copenhagen criteria" were set out at the European Council in Copenhagen in December 1993

## 6. THE ROLE OF THE CHAMBERS

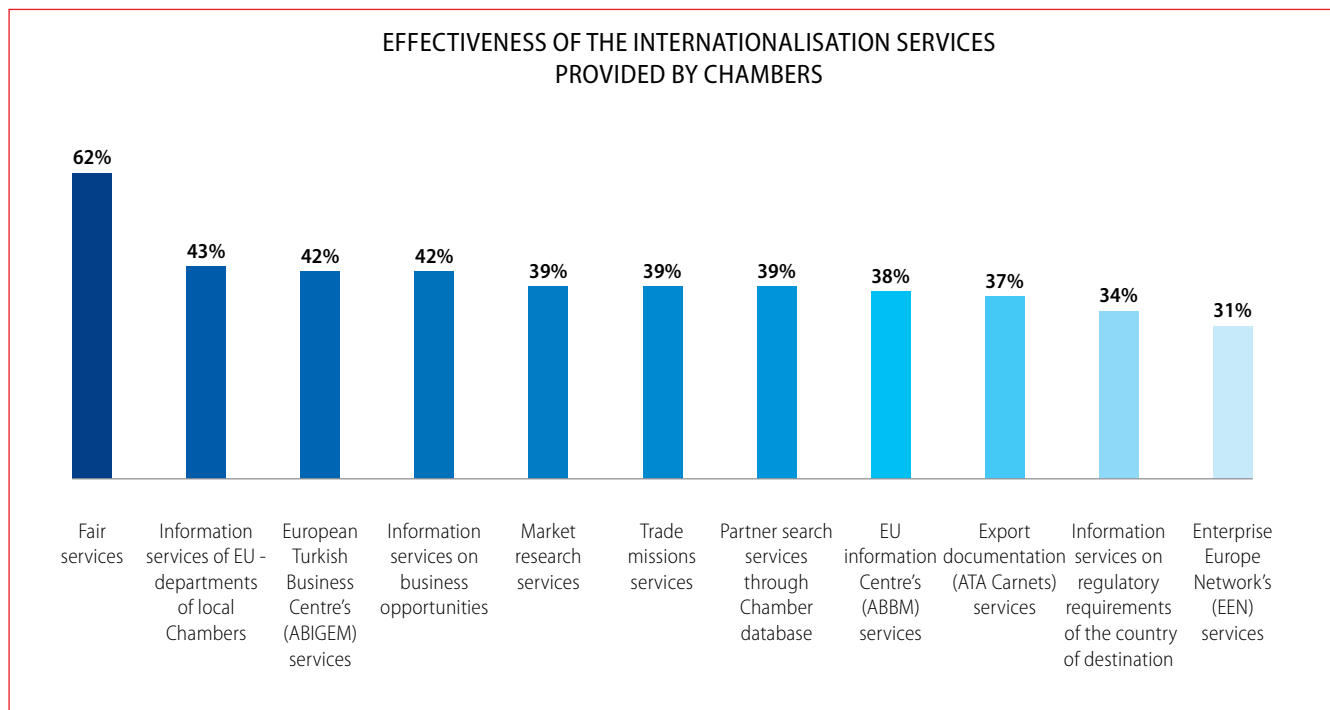
The last section of the survey evaluates the services provided by the Turkish Chambers and Commodity Exchanges to help their member companies to go international and more specifically to make the most of the business opportunities in the EU. Turkish Chambers and Commodity Exchanges provide a wide range of internationalisation services: organisation of fairs, trade missions, information on business opportunities, market research, partner search, etc. Some of these services are tailor-made for the EU market.

When asked to assess their level of satisfaction in relation to the services on internationalisation offered by Chambers and Commodity Exchanges, most of the companies are aware of these services and benefit from them. Similarly to the previous edition of the survey, the highest scores are given to the organisation of fairs, which is a traditional service provided by Chambers, followed

by the provision of information by the EU departments of local Chambers.

The services provided by the Chambers as Enterprise Europe Network (EEN) contact points<sup>14</sup> seem to be the least satisfactory. This is not so much a reflection of the quality of the services provided, rather the limited number of Chambers providing the services and the limited visibility of the network. On the one hand, specific efforts would be needed to improve those services and to enhance their promotion. On the other hand, it is important that Turkish companies fully exploit services that play such an important role in enhancing EU-Turkey trade and economic relations.

The business community in Turkey expressed a particular interest in receiving value-added services from the Chambers with a view to improving their knowledge of EU related issues.



<sup>14</sup> The Enterprise Europe Network (EEN) is made up of 570 business support organisations in the EU and beyond (more information on the EEN website <http://een.ec.europa.eu/>). It's an initiative of the European Commission co-funded from the EU budget under the Entrepreneurship and Innovation Programme (EIP) within the Competitiveness and Innovation Framework Programme (CIP). The majority of the 34 EEN contact points in Turkey are Chambers of Commerce and Industry.



Assistance from Chambers and Commodity Exchanges to companies in accessing EU funds remains the most needed service (16%) followed by the provision of general information on the EU (14%), the provision of updated and more targeted information on EU legislation which affect their daily business (13%) and the provision of information on EU programmes open to Turkey (13%). It is important that Chambers and Commodities Exchanges take into account these information needs while shaping their future information-oriented activities.

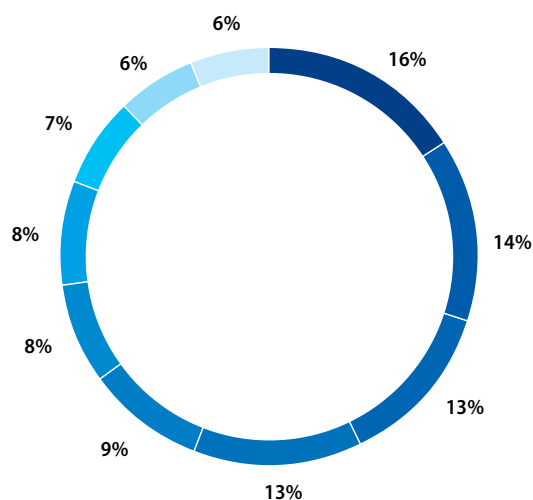
The lack of language skills is stressed once again. The same percentage of respondents as in 2008 (9%) expects more foreign language training from their Chambers / Commodity Exchanges.

The respondents seem to be less interested in the networking activities proposed by the Chambers and Commodity Exchanges as well as in the provision of information on EU procurement rules (this result is quite surprising since it should be complementary to the provision of EU funding opportunities) and on the provision of information on the accession negotiation process (see part 2.1).

Even if the companies participating in the survey consider that Chambers and Commodity Exchanges in Turkey are their primary source of EU related information (see part 3), there is still room for significant improvement in the quality of the services they provide. These results should be used by the Turkish Chambers and Commodity Exchanges as guidance in their efforts to reinforce their EU-related services.

### INFORMATION AND SERVICES NEEDED FROM THE CHAMBER NETWORK

- Information on EU funding opportunities
- General information on the EU (institutions, policymaking process, actors, etc)
- Information on EU legislation with an impact on your daily business
- General information on EU programmes open to Turkey
- Foreign language training
- Information on Customs Union between EU and Turkey
- Information on best practices at European level
- Information on Accession Negotiations between the EU and Turkey
- Information on EU procurement rules
- Networking





# ANNEX:

## ETCF II SURVEY QUESTIONNAIRE

1. COMPANY PROFILE
1.1. Number of workers and employees
1.2. Number of female workers and employees
1.3. Ratio of female employees at management level
1.4. Turnover in 2011
1.5. Sector of main activity of the company
1.6. Export Share in 2011 company's turnover:
1.7. Main export area
2. KNOWLEDGE ON TURKEY'S EU ACCESSION PROCESS AND EU ACQUIS
2.1. What is your knowledge on the accession negotiation process between the EU and Turkey (actors, process in itself, negotiation chapters, state of play, etc)?
2.2. What is your level of knowledge on the EU <i>Acquis</i> that is relevant to your company?
2.3. What is your knowledge about Turkey's harmonisation efforts to comply with the EU <i>Acquis</i> that is relevant to your company?
2.4. To what extend do you need to be informed in the following areas of the EU <i>Acquis</i> ? Competition rules   Trade rules   Product certification, technical regulations, standards   Intellectual property rights (trademarks, patents, designs etc)   Taxation   Food quality and safety (hygien package, HACCP etc.)   Consumer protection and producer liability   Health and safety at work   Labour law, employment policy and social protection   Business environment (company law, accounting, auditing, public procurement, right of establishment)   Regional policy (including structural funds)   Environment policy
2.5. What is your knowledge on EU financial assistance for Turkey and the following EU programmes? Instrument for Pre-accession Assistance(IPA)   Competitiveness and Innovation Programme (CIP)   7th Research Framework Programme (7FP)   Lifelong learning programme (LLP)   Programme for Employment and Social Solidarity (PROGRESS)
3. INFORMATION SOURCES AND SERVICES ON EU ACQUIS
3.1. Is your company informed by the relevant institutions on the provisions of the EU <i>Acquis</i> affecting its field of activity? If yes, to what extend?
3.2. Is your company sufficiently exploiting the possibilities to obtain information on the EU <i>Acquis</i> ?
3.3. Please indicate the quality and usefulness of the following information sources on the EU <i>Acquis</i> . Chamber / Commodity Exchange Network   Enterprise Europe Network (EEN)   EU Information Centres (ABBM)   European Turkish Business Centres Network (ABIGEM)   Turkish Trade or Business Associations   European Trade or Business Associations   Turkish consulting companies   Foreign consulting companies   Local business partners   EU business partners   European Commission including EU Delegation in Ankara   On-line EU sources (Internet)   EU publications   Diplomatic representatives of EU Member States in Turkey   Ministry for EU Affairs   Other Ministries – Government   University & Institutes   Diğer (lütfen belirtiniz)
3.4. What kind of information services do you need most to be able to understand the EU <i>Acquis</i> ? Printed information materials on EU legislation and its actual implementation (reports, studies, guides, magazines, newsletters)   Seminars, workshops, conferences   Professional consulting services – local consultants   Professional consulting services – foreign consultants   Technical assistance from the European Union and EU Member States (source of information, not a type of service) TAIEX?   Internet - services   Other   Do not know

## 4. COMPLIANCE WITH EU ACQUIS AND CORPORATE STRATEGIES

4.1. In which phase of preparations for the implementation of the EU *Acquis* is your company currently?

4.2. Please indicate the current level of compliance of your company with the following areas of EU *acquis* (if relevant for your field of activity).

Environment | Health and safety at work | Consumer protection | Food safety and hygiene | Energy efficiency

4.3. Do you consider the adoption of the EU *Acquis* as a tool for developing your company?

4.4. Please indicate the level of difficulty for your company to implement the EU *Acquis* in the following areas.

Competition rules | Trade rules | Product certification, technical regulations, standards | Intellectual property rights (trademarks, patents, design, etc) | Taxation | Food quality and safety | Consumer protection and producer liability | Health and safety at work | Labour law, employment policy and social protection | Business environment (company law, accounting, auditing, public procurement, right of establishment) | Environmental protection | Other (please indicate)

4.5. Do you expect an impact on your business further to the entry into force of the new Turkish Commercial Code in July 2012?

4.6. If yes, will this impact be: positive or negative?

4.7. Please evaluate the magnitude of expected problems with implementing EU *Acquis* in each of the following areas of your operations

Financial | Technical | Human resources | Commercial | Other (please indicate)

4.8. Do you have an assessment of the costs of compliance with the EU *acquis* for your company?

4.9. On issues having an impact on business activities, are you consulted by the Turkish government on the Turkish position papers in the framework of the accession negotiations?

4.10. What are your main expectations from the government during the accession negotiations? please choose 3 options.

Provision of regular information to companies on EU harmonisation process, its threats and opportunities | Ensuring that the business community's opinions and demands are reflected in Turkey's negotiating positions | Preparation of regulatory impact assessments to measure the costs and benefits of legislative harmonisation | Provision of financial support for the private sector to comply with the requirements of the EU *acquis* | Not to comply with problematic and costly regulations before membership | Other (please indicate)

## 5. ATTITUDES AND EXPECTATIONS TOWARDS EU MEMBERSHIP

5.1. Which will be the most important effects of your country's potential EU MEMBERSHIP for your company?

Tougher competition at home market by European companies | Long term strengthening of competitiveness | Better access to European capital markets | Bigger inflow of foreign direct investment | More transparent business practices on the home market (competition rules, state aids, public procurement) | Shortage of qualified workforce due to migration | Access to more competitive conditions for acquiring new capital equipment and IT | Stronger bargaining position vis-à-vis partners in third countries | Other | Do not know

5.2. How would you assess your company's business prospects as a consequence of a potential EU membership?

5.3. Is the current EU visa policy an obstacle for you in doing business with the EU countries?

5.4. How would you qualify your company's strategy for preparing itself to a potential accession to the EU?

5.5. Are you in favour of joining the EU?

5.6. When do you think Turkey can join the EU?

5.7. According to you what will be the most critical criterion that Turkey has to meet to become a member of the European Union? please select only one option.

Political criteria, including stability of institutions guaranteeing democracy, the rule of law, human rights, respect for and protection of minorities, as well as respect for international obligations, regional cooperation and good neighbourly relations | Economic criteria, including existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the EU | Ability to assume the obligations of membership (application and implementation of the EU *acquis*)

## 6. SERVICE ON EU SUBJECTS – ROLE OF THE CHAMBERS

6.1. Please indicate which of the following services are offered by your local Chamber/Commodity Exchanges and Rate your satisfaction with the effectiveness of the services

EU Information Centre's - (ABBM) services | Enterprise Europe Network's - (EEN) services | European Turkish Business Centre's (ABIGEM) services | Information services of EU-Departments of local Chambers | Export Documentation (Certificates of Origin, ATA Carnets) services | Market research services | Trade missions services | Fair services | Partner search services through Chamber database | Information services on regulatory requirements of the country of destination | Information services on business opportunities | Services to support young and women entrepreneurs

6.2. What kind of information/services do you need from the chamber network to help you in your EU related activities?





Created in 1958, one year after the birth of the European Communities, EUROCHAMBRES is the Brussels based Association of European Chambers of Commerce and Industry.

EUROCHAMBRES represents over 20 million member enterprises in Europe through 45 members (43 national associations of Chambers of Commerce and Industry and 2 transnational Chamber Organisation) and a European network of 1700 regional and local Chambers. 98% of these enterprises are Small and Medium Enterprises (SMEs). Chambers' members employ over 120 million employees.

EUROCHAMBRES is the sole European body that serves the general interests of European business – due to the multisectoral membership of Chambers – and the only one so close to business, as a result of the Chambers' regional focus.

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#### TOBB

The Union of Chambers and Commodity Exchanges of Turkey (TOBB) is the highest legal entity in Turkey representing the private sector. It is the umbrella organization for Chambers and Commodity Exchanges established in 1950.

TOBB represents today a network of over 1,4 million enterprises, 365 local Chambers and 59 sectoral assemblies. Chambers are the main business support organizations in Turkey which has a strong national tradition of independent and democratic chamber system where membership is compulsory like in France, Germany, Italy, Spain, Austria, etc.

TOBB's national network includes the Foreign Economic Relations Board (DEIK) and the Economic Development Foundation (IKV). TOBB has established the University of Economics and Technology (TOBB-ETU) in 2003 and the Turkish Economic Policy Research Foundation (TEPAV) in 2004. Permanent representations are maintained in Brussels and Washington.

TOBB represents the Turkish private sector on international level at organizations like the World Chambers Federation, International Chamber of Commerce, EUROCHAMBRES, ECO Chamber of Commerce and Industry, Islamic Chamber of Commerce and Industry, ASCAME, OECD Business and Industry Advisory Committee (BIAC), Association of the Balkan Chambers, Association of Black Sea Zone Chambers of Commerce and Industry, the International Road Transport Union (IRU) and the Confederation of Asia Pacific Chambers of Commerce and Industry (CACCI).

#### TOBB

Dumlupınar Bulvarı No: 252 (Eskişehir Yolu 9.km),

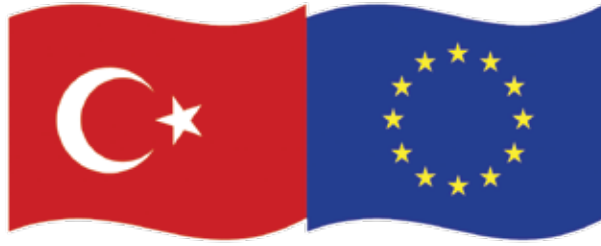
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